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Weekend July 29/July 30 1989

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WORLD NEWS

Rafsanjani set to win Iranian poll

Iranians went to the polls for the first time since the death of Ayatollah Khomeini in June...

Bush warns Congress

President George Bush warned the Democrat controlled Congress that he will veto any bill...

India withdraws troops

India has agreed to begin withdrawing troops from Sri Lanka from today...

China corruption moves

China announced investigations into two of the country's best known state-owned companies...

Ford raising prices

Ford, the leader of the UK car market, is to raise its car prices by an average of 4.7 per cent...

Israeli raid

Israeli commandos seized a Moslem fundamentalist leader and two of his associates...

Three Soviet M-sub boats lost

The Soviet Union has lost three nuclear submarines in accidents in the last 25 years...

Four students drown

Four British students drowned when their dinghy sprang a leak and sank off Donegal on the west coast of Ireland...

Hesseltine sanguine

The Conservative majority "is large enough to be invincible in anything but the most catastrophic of situations..."

Planning proposals

The Government proposed radical changes to streamline the town and country planning system...

London hospice ban

Thames Water will introduce a hospice ban in Greater London from Monday.

Weather is 'normal'

The fine weather the UK has been enjoying is "well within the normal variation..."

Australia policed

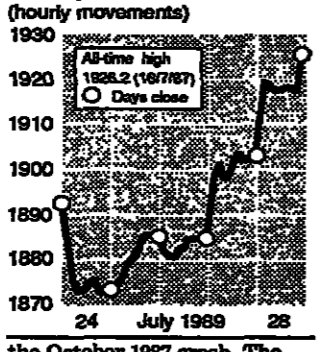
Australia reached 219 for three at the close of the second day of the Fourth Test at Old Trafford.

BUSINESS SUMMARY

Lloyds makes £464m debt write-off

Lloyds Bank wrote off £464m against developing country debts in the first half of this year...

FT Index



the October 1987 crash. The gain of more than 22 points in the index was supported by significant demand from European, US and Japanese institutional investors.

HANSON Industries, the US arm of Hanson of the UK, has accepted a lower price than it expected for the sale of shares in Smith Corona...

BOLIAN Investments, Hong Kong electrical manufacturer, is to set up a factory to make electrical goods at Dundonald, near Belfast...

VIDEOTRON, the Canadian cable TV company, is joining the North Eastern Electricity Board and Tyne Tees Television to bid for the Tyneside cable TV franchise.

OXDON Investments, the Toronto group led by Unicorn Canada, has raised its offer for Steinberg, the Canadian retail and property group...

SOVIET Union is to spend £100m on British consumer goods, ranging from razors to ladies' tights, shoes and cassettes by the end of the year.

BRAZIL'S carnalists appeared on television after sharp rises in steel prices and increases demanded by component suppliers.

GREGG'S, the Newcastle-based baker, lifted pre-tax profits by 47 per cent from £1.82m to £2.77m in the 24 weeks to June 17...

TSE Trust of the UK is joining Bank Cariplo, the Italian savings bank, and Caisse Nationale de Prevoyance, the French life insurance organisation...

Row over charges may hit timing of water flotation

THE TIMING of the planned flotation of the water industry could be in jeopardy because the chairman of the 10 water authorities in England and Wales are preparing to reject the charging formulae proposed by the Government after privatisation.

Government's terms are improved substantially. The minister has been told that unless there are "significant increases" allowed, the privatised businesses could not be presented by the chairman in the flotation prospectuses "without heavy qualification."

By Richard Evans

spending programmes and reasonable dividends. The privatised authorities, together with the 29 statutory water companies which provide a quarter of the water supply in England and Wales, are to be allowed to raise charges after privatisation by the retail prices index plus a factor known as K. This will take account of increased efficiency

as well as capital spending requirements. The Government's intention is to announce the K figures next Tuesday. These will be different for each authority and cover a 10-year period. But there has been so much frustration within the industry at the way ministers want to keep prices down after privatisation for political reasons that this target might not be met.

There is clearly a great deal of bluff and counter-bluff as the negotiations reach a critical stage, however, and some industry leaders admitted yesterday that the Department of Environment had made concessions on K recently that could make agreement possible, if difficult.



Jubilant dockers chant their support for Mr Ron Todd outside Transport House, London, yesterday

Dockers to intensify strike

By Michael Smith, Labour Staff

BITTER confrontation loomed in Britain's docks yesterday after union leaders voted overwhelmingly to intensify the national dock strike in spite of a drift back to work among dockers.

"It seems they are hell bent on a suicidal drive for extinction," said Mr Mick Finney, director of the National Association of Port Employers.

He will face a stiffer examination next week, when - along with other union leaders such as Mr Bill Morris, his deputy, and Mr John Connolly, national docks officer - he addresses mass meetings at working ports.

Mr Todd said that employers had used almost gangster methods by threatening employees with dismissal to get them back to work. He said the experiences of the union in London demonstrated that the aim of the employers was to destroy trade unionism.

The first test was expected at 8am this morning in Southampton. Dozens of Liverpool dockers were expected to picket a meeting called by Southampton dockers to consider ending the strike.

Mr Todd made clear that although the main concern of the strike was protecting members, the union still intended to negotiate a national agreement. After the meeting, Mr Todd was loudly cheered by a gathering of about 300 dockers, many from Liverpool.

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Bank warning letters may trigger more resignations

By Barry Riley

LETTERS to be sent out within the next few days by the Bank of England, using its powers under the Banking Act 1987, are likely to trigger further resignations in the Blue Arrow affair.

Some of the letters will be sent to directors of the bank, and certain of their employees will no longer be regarded as fit and proper persons for the positions they hold, and that their continued presence would risk the loss of the institution's banking licence.

Mr Todd made clear that although the main concern of the strike was protecting members, the union still intended to negotiate a national agreement. After the meeting, Mr Todd was loudly cheered by a gathering of about 300 dockers, many from Liverpool.

Parallel letters will be dispatched to the individuals involved. In this disciplinary exercise, the Bank will in part be seeking to balance what is widely regarded as the rough justice handed out by the Department of Trade inspectors in their report on events at County NatWest.

Lord Boardman resigned on Tuesday as chairman of NatWest, along with three NatWest directors after the criticisms of the bank over its handling of the Blue Arrow 2297m rights issue two years ago. The DTI inspectors claimed that it had failed to comply with the Companies Act.

Those challenged by the Bank have 14 days to respond, and the Bank then has a further 14 days to consider any further evidence. Finally, there is a right of appeal to a tribunal. However, it is regarded as likely that individuals will resign rather than pursue this course.

Earlier this week Lord Alexander, the QC who is to take over as chairman of National Westminster Bank in October, criticised the way that the department's inspectors can make comments which end the careers of individuals.

It is not known who is on the Bank's list, and because of the strict secrecy which applies in such cases, it will be possible to guess the extent of the Bank's intervention only indirectly from the departure of individuals from NatWest and elsewhere.

Only two persons have ever appealed to the tribunal in the past, and both lost their cases. All the resignations so far have been voluntary, and have not resulted from the use of statutory powers by the Bank.

The Bank claims to have gained from its supervisory activities, and its list of unfit persons is likely to include several who have escaped censure by inspectors.

It also emerged yesterday that senior City figures who were not criticised in the Department of Trade and Industry report may face disciplinary action from The Security Association over their role in the affair.

Although the Bank of England will be widening the net, it is possible at the same time that officials will be lenient towards some or all of the senior NatWest directors who have resigned but might seek employment elsewhere.

MARKETS

Table with columns for Sterling, Dollar, Stock Indices, and various market data.

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Table listing various market sections and their page numbers.

BROWN SHIPLEY REGULAR SAVINGS SCHEME OUR 3% BONUS REMAINS BROWN SHIPLEY'S Regular Savings Scheme continues to offer a 3% Bonus on all payments.

Weekend FT



WORSE THAN CHERNOBYL

Christian Tyler reports on an ecological disaster that threatens Soviet unity

Finance Broker bonds: will SIB's axe fall? Pages III-VI

Diversions

Publishers in turmoil: Linda Christmas on an industry that isn't going by the book. Plus: how slavery lingers on; a day at the Game Fair; Wine; Food; and Eating Out in Cumbria Pages XV, XVI

How To Spend It

Lucia van der Post on the best-dressed summer tresses and foldaway furniture for lazy days in the sun Page XVII

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Sport

Preview of the Admiral's Cup, plus a review of the Open Page XX

OVERSEAS NEWS

OLD GUARD'S CANDIDATE DECLINES TO STAND FOR LEADERSHIP Hunt starts for Japan's Mr Clean

By Ian Rodger in Tokyo

THE MAN considered the top candidate by the discredited Liberal Democratic Party has declined to stand in the elections on August 8 for a new party leader and prime minister.

Mr Shin Kanemaru's decision to rule himself out of the race appears to clear the way for an untainted younger man to take the leadership, a move which would, in the view of most political analysts, make it easier for the LDP to begin trying to regain public trust.



Shin Kanemaru: feared rather than loved

had difficulty inspiring public confidence. The LDP decided yesterday to hold the leadership election by secret ballot. Mr Kanemaru, who is feared rather than loved in the party, would probably fare badly in such a ballot.

Business leaders go it alone in attempt to ease trade tensions

By Ian Rodger

JAPAN'S business leaders, apparently alarmed by the paralysis gripping their national government, are starting to take measures on their own aimed at easing trade problems with the US and other countries.

difficult for the bureaucrats to satisfy foreigners. Also, the deterioration of Japan's political leadership in recent months has left the bureaucracy uncertain about the direction of trade policy.

a third of them have led to action. The Kaidanren accepted Mr Morita's suggestion that their own complaints body be set up and that advertisements be placed in big US magazines to publicise its existence.

Current account surplus down by a third in June

By Ian Rodger

JAPAN'S current account surplus in June plunged by a third on a year on year basis to \$4.1bn. It was the fourth consecutive month of declines in the surplus, reversing a rising trend in the previous nine months that had topped both Japanese and foreign officials.

UK NEWS

Hong Kong funding sets up Ulster factory

By Our Belfast Correspondent

NORTHERN Ireland's economy received a boost yesterday with the announcement of its first investment from Hong Kong. Holian Investments is setting up a \$2m factory manufacturing electrical goods at Dundonald, near Belfast. It will provide 200 jobs.

Government wants reform to speed planning system

By John Hunt, Environment Correspondent

RADICAL proposals to streamline the town and country planning system and to make it self-financing were put forward by the Government in a consultation document published yesterday. The intention is to speed up the system and clear the backlog of planning applications.



Michael Howard: ready to increase resources

ties are failing to deliver an efficient service. The overall effect of the proposals would reduce the burden of development control procedures and increase the resources available to operate the system effectively.

Ministers put on a united front

By Michael Cassell, Political Correspondent

MINISTERS closed ranks yesterday in a display of unity intended to overcome the damaging fall-out from the reshuffle. Following Mrs Thatcher's clear message to her most senior ministers on Thursday that she did not expect any further significant changes to her top team before the next general election, two of the leading figures in the reshuffle, Mr Douglas Hurd and Mr Kenneth Baker, moved at once to bolster Tory party morale.

and Mrs Thatcher has called on all government departments to prepare their own counter-attack. A number of policy initiatives is expected during the summer recess.

Nigel Lawson, the Chancellor, said it appeared as though inflation may have peaked while the economy remained sound.

Brazilian carmakers warn of shortages

By Ivo Dawson in Rio de Janeiro

BRAZIL'S carmakers appear back on a collision course with the government over retail prices after sharp rises in steel prices and increasing demands by consumers for more cars.

In the first half, the Brazilian industry - Ford, Volkswagen, General Motors and Fiat - has seen a marginal 4.3 per cent increase in domestic sales against 3.8 per cent in the equivalent period last year.

April this year, the organisation claims. It argues that Brazil's highly protectionist market has meant that problems are increasing in competing with the technology offered by other foreign carmakers in overseas markets.

lems are not rapidly resolved. Reuter reports from Silva Jardim: The head of the Brazilian environmental agency has welcomed foreign pressure aimed at halting destruction of the rain forests.

Wynne-Parker bar

FIMBRA, the Financial Intermediaries, Managers, and Brokers' Regulatory Association, has barred Wynne-Parker Financial Management of Norwich from all forms of investment business.

Canadians join bid for cable franchise on Tyneside

By Raymond Snoddy

THE CANADIAN cable company Videotron is joining the North Eastern Electricity Board and Tyneside Television to bid for the large Tyneside cable television franchise.

being put into cable television. The North American investment received a regulatory boost recently when the Government announced its intention to drop its insistence that cable television franchises in the UK could not be controlled by non-EC companies.

yesterday it planned to offer up to 50 radio and television channels, including pay-as-you-view television.

The Ice Woman cometh Christina Lamb in Pishin, Baluchistan, meets an Irishwoman with a cool head for business

CYNICS may say only the Irish could come up with the idea of selling ice to a country enduring its 11th year of war. They could be right. The World Bank, however, thought it was a good idea. Four years ago, with the help of a loan from the bank, Jennifer Musa, a native of County Londonderry, began the unusual business of exporting ice to Afghanistan.

"One day I had gone into the yard wearing a shirt and a local tribal chief rode up. He assumed I was a servant boy and asked if it was true that the master had been presented with an English princess by the Queen of England as a reward for killing 200 Afghans. He was expecting to see some bejewelled creature on velvet cushions."

Zia, whose Council of Islamic Ideology disallowed family planning, was a political career when, for the first time, Baluchis were allowed to vote in elections and she wanted to "do something for them".

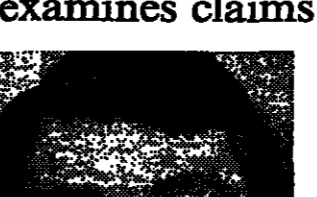
Australian gas project under way

By Chris Sherwell in Sydney

THE FIRST export shipment from one of the world's biggest resource developments - the \$12bn (25.5bn) North West Shelf natural gas project off Australia - began ahead of schedule yesterday, nine years after the project was approved.

ITV regions challenge the big five Raymond Snoddy examines claims of a stranglehold on the network

FOR MORE than a year TVS, the south of England ITV company, has had a documentary on the 'lifers' wing at Parkhurst Prison on the Isle of Wight, left in limbo.



James Gatward: "tragic" decision to cut jobs

220,000 an hour for daytime programming. The growing disparity between what TVS pays to and receives from the network - and the fact that the lack of network orders has taken station occupancy down to 50 per cent - led Mr Gatward last week to what he calls a "tragic decision". There will be 200 redundancies over 18 months spread over the company's Maldstone and Southampton studios.

Mr Paul Bonner, director of the programme planning secretariat at the ITV Association who holds the ring while the network schedule is put together and millions change hands in the form of network commissions, denies that the system is unfair.

by putting popular series into the "flexipool", where they will have to be chosen, and using their guaranteed hours to keep a hold on minority fare.

UK NEWS

More may face disciplining over Blue Arrow

By Richard Waters

SENIOR CITY figures who were not criticised in the Department of Trade and Industry report into County NatWest may face disciplinary action from The Securities Association and the Bank of England over their role in the Blue Arrow affair, it emerged yesterday.

It also emerged that those most severely criticised may escape further investigation from the regulators. TSA said that it will not investigate those who have resigned over the affair, although the Bank of England may still proceed if it believes that they will look for other jobs in the City in the future.

Speaking on the publication of TSA's annual report, Mr Stanislas Yassukovich, its chairman, said that all 20 of its members named in the report who have not yet resigned from their positions would be investigated to see if they are "fit and proper". The institutions involved will also be reviewed to see if their compliance procedures are adequate.

"We have been assured that enormous changes have taken place, but we will review them to make sure," he said.

Mr Bob Wilkinson, director of enforcement, said that the affair would have been unsettled sooner if the Financial Services Act had been in force at the time. The surveillance techniques now being used by TSA would have enabled it to identify the full holding of Blue Arrow shares, which had been divided between County's corporate finance and market-making arms, he said.

At the time, in October 1987, the Stock Exchange, which was then the responsible regulator, was aware of the near-6 per cent holding in an alpha stock, but had no access to the position of other parts of the group. Also, it did not know that the shares were those of Blue Arrow, he said.

Since the Financial Services Act was not in force at the time, TSA is unable to take disciplinary action against its members who were involved. However, it is able to bear in mind their past conduct when assessing their fitness and propriety.

● The Commons' trade and industry select committee announced yesterday that it is to review the way Department of Trade and Industry investigations are carried out. The current arrangements have been subjected to considerable criticism by National Westminster Bank, which claims that its directors were unfairly criticised in last week's County NatWest report.

Clowes settlements move a step closer

A HIGH COURT judge yesterday gave the go-ahead for a further £12m pay-out to more than 7,000 investors in the UK funds of Barlow Clowes Gilt Managers Ltd.

Mr Justice Gibson had been asked to approve the terms of an order which will mean that the various categories of investors will get total pay-outs of between 60p and 100p in the £1.

Mr Michael Jordan, joint liquidator of Barlow Clowes Gilt Managers and chairman of City accountants Cork Gully, said it was hoped that the payments could be made next month.

About 1,000 investors whose money was held in Lloyds accounts and who received interim payments of 75p in the £1 last December, will now get a further 25p or 26p in the £1.

More than 6,000 investors whose money was held in Midland accounts and who received interim payments of 25p in the £1 earlier this year, will get a further 35p in the £1. Six of the Midland investors who are in a separate category will, however, get the full 75p, making the whole amount of the proceeds of their £80,000 investments.

Britain to lobby for EC unity on energy prices

By Ivor Owen, Parliamentary Correspondent

BRITAIN IS to press her EC partners to make faster progress in establishing a "level playing field" for energy prices.

Mr Peter Morrison, Energy Minister of State, told the Commons yesterday that Britain had gone further towards a policy of non-discriminatory pricing and encouragement of competition than other EC countries.

He said: "We shall be trying to persuade our partners in Europe to move in the same direction. There is no assistance to particular sectors in those countries by discriminatory pricing."

Mr Morrison acknowledged complaints by the glasshouse sector of Britain's horticultural industry that the pricing structure recently introduced by British Gas had added to its difficulties in competing with produce exported by Dutch growers who benefited from lower energy costs.

Notts colliery to close with loss of 800 jobs

WARSON colliery in north Nottinghamshire is to close next month with the loss of 800 jobs, it was announced yesterday. It is said to be losing £200,000 a week.

British Coal says the pit suffered losses totalling £12.6m last year. Meetings are planned with unions to discuss job transfer or voluntary redundancy.

An official at British Coal's Nottinghamshire Area headquarters said: "The area director, Tony Deakin, sees no prospect of results improving significantly or sufficiently to make the mine viable and the prospect is one of heavy financial losses."

The closure, planned for August 25, comes just two weeks after Mr Cecil Parkinson, then Energy Secretary, visited nearby Sorby colliery in Nottinghamshire to praise local miners.

The closure of Warsop follows that of Blidworth colliery near Mansfield with the loss of 740 jobs in January this year. It was also announced in January that 430 jobs were to be axed at Gedling colliery, near Nottingham, leaving a workforce of 610.

USSR will pay £100m to stock its shops

By Peter Montagnon, World Trade Editor

THE Soviet Union is to spend £100m importing British consumer goods to the end of the year in an effort to restock its depleted shops.

The planned orders, which are expected to benefit firms such as Boots, Courtauld and C & J Clark were announced in London yesterday by Mrs Aleksandra Biryukova, Soviet Deputy Prime Minister, at the end of a four-day visit to the UK on the invitation of the Confederation of British Industry.

The goods will include razorbills, tights, shoes and cassettes, illustrating the urgency with which the Government of Mr Mikhail Gorbachev is now keen to bolster popular support for his economic reforms with better supplies of consumer goods.

Businessmen said there appears to be no direct connection between the latest Soviet buying spree and the recent wave of miners' strikes in the Soviet Union. The Soviet Union announced in April that it was setting aside an extra 50m (24.6m) for consumer goods' purchases in the West.

But the emphasis of Mrs Biryukova's visit was different from that of previous Soviet trade missions which have concentrated on capital goods in sectors such as petrochemicals and food-processing.

Spokesmen for the companies involved in this week's talks said it was premature to speak of firm orders yet being placed. Courtauld said its Aristoc subsidiary was in negotiation with the Soviet Union for a "substantial" order for ladies' tights but the pace of the negotiation would depend on the Soviet side.

A spokesman for Boots said his company had discussed sales of items ranging through cosmetics to baby milk and pharmaceuticals, but he could not confirm that any firm orders had yet been received.

Speaking at the CBI yesterday morning, Mrs Biryukova, who is responsible for light industry and consumer affairs, said her talks in the UK had been friendly and constructive despite the row over spying allegations in May.

The Soviet Union has long been anxious to boost its trade with the UK, which it runs a trade surplus. British exports last year were worth only £560m against Soviet sales of £730m.

Mrs Biryukova also visited Coats-Viyella in Glasgow. The company is advising on modernisation of a thread mill.

Ford to lift car prices by 4.7%

By Kevin Dons, Motor Industry Correspondent

FORD, the leader of the UK car market, is to raise its car prices by an average of 4.7 per cent with effect from August 3, a move expected to trigger a round of price rises from other car makers in the next few weeks.

This is Ford's second price increase this year. It raised prices by an average of 3.9 per cent in January after three price increases in 1988.

Ford, which held 27.3 per cent of the UK new car market in the first half of the year, traditionally acts as price leader.

The UK is its most important market in west Europe with total sales last year of 568,750, and it accounts for the three best-selling cars with the Escort, Sierra and Fiesta.

It has established a substantial lead over its two closest competitors, Vauxhall, the UK subsidiary of General Motors of the US, and Rover Group, the subsidiary of British Aerospace.

Vauxhall captured 35.1 per cent of UK new car sales in the first half of the year, which enabled it to take over second place from Rover, whose share fell to 13.75 per cent.

Ford accepted that the timing of the price rise was designed in part to boost its sales in August, the most important car selling month in the UK.

The change of the registration number prefix in August this year from F to G - and accounts for the three best-selling cars with the Escort, Sierra and Fiesta.

The return of power over the inner cities to the DoE was complete.

Yesterday, Mr Hunt made his first ministerial visit. He went to where the Government's strategy on the urban problem has been tested most - Liverpool, his home city.

He sits locally for Wirral West, a place of urban middle class housing developments, a working green belt, sea-going yacht clubs and the Royal Liverpool golf links at Hoylake.

However, Mr Hunt lived in Liverpool 8, which includes Toxteth, from 1983 until 1989, so he understands the problems of economic structure.

These problems include a narrow industrial base, too many unskilled workers, and not enough small businesses, and have left male unemployment on Merseyside still near 20 per cent.

For most of the Thatcher decade, Government policy has relied on leveraging the main

Patten upsets boroughs over planning in London

By John Hunt, Environment Correspondent

MR CHRIS PATTEN, the new Environment Secretary, upsets the London boroughs last night by issuing planning guidance for the capital which ignores most of the strategic proposals they had put forward.

Mr Patten said that the Government document, Strategic Planning Guidance for London, marked an "important further step away from the cumbersome, centralised planning of the 1960s and 1970s."

The London Planning Advisory Committee, which represents 33 London boroughs and the City of London, believes that he should have taken a second look at the document which was drawn up by his predecessor, Mr Nicholas Ridley.

"The guidance makes it clear that free market solutions should be relied on and that the main planning should be carried out by the boroughs themselves," the committee said.

Plans, Councillor Sally Hamwee, the Democrat who is chairman of planning committee, said last night: "Mr Patten seems to have had some success in preserving the Brazilian rain forest. We had hoped he would extend that to the preservation and improvement of London's environment."

The guidance reflects the committee's proposals for channelling major business development to particular growth points. It called for co-ordinated infrastructure and labour market planning and the location of strategic centres for office development and industrial and business growth points. But the Government document says that its "practical approach" will be more effective.

Further land should be made available in central London for business development, it says. The boroughs could assist by identifying well serviced, accessible sites for job creating development. They should "adopt a positive, flexible and realistic approach to business development throughout London."

The regeneration of Docklands, the planned rail link between central London and Docklands and the programme of road improvements would continue to make the area more attractive for development.

The development associated with the growth of the financial sector could help regenerate and bring new employment to older urban areas.

Reshuffling power over the cities

By Ian Hamilton Fazy on how the DoE has regained its urban role

THE Department of the Environment is back in full charge of Britain's urban problem, two years after civil servants bridled at the transfer of a large part of the job to the Department of Trade and Industry and were put firmly in their place by ministers for doing so.

The transfer had followed the Conservatives' election victory and Mrs Thatcher's declaration that "next time" they wanted to win in the cities, where Labour had kept in front.

Co-ordination was put in the hands of Mr Kenneth Clarke at Lord Young's DTI, emphasising the job creation role of industry, even though the DoE did most of the spending.

The DoI's inner cities man was Mr David Trippier, an effective advocate but very much a junior because he was then only a parliamentary under-secretary, the third rank of ministerial hierarchy.

Last year, Mr Clarke was made Health Secretary and Mr Tony Newton succeeded him at the DTI. One of his first big urban problems was the closure of Sunderland's shipyards,

It's not unusual - just very hot

David Fishlock on how the Met Office is improving its forecasts



Sunbathers in the St Paul's Cathedral grounds yesterday

The fine weather the country has been enjoying is "well within the normal variation," Britain's top weatherman says.

The French may have used fire hoses to characterise UK weather in their Bastille Day celebrations, but Dr John Houghton, director-general of the Meteorological Office, reminds us that we also enjoyed good summers in 1983, 1976 and 1975.

"And the north has not been as good as the south and east of England," Dr Houghton adds. Yesterday for example, rain was forecast for north-west England.

A characteristic - not always remembered - of the atmosphere at Britain's latitude is that it has spells of settled weather as well as spells of unsettled weather.

For several weeks much of Britain has experienced - some even say suffered - a stable pattern of weather. Should the public have been warned?

Theory suggests that the normally churning weather conditions may lock on to some natural state that persists. The forecasters now believe that if they could spot the right incipient signs, they might be able to forecast such spells with greater confidence.

Experimentally, the Meteorological Office is providing forecasts up to 30 days ahead. But they are not of the kind the public generally would appreciate. They will not tell you whether your tea can stay fine weather in two weeks' time.

The 30-day forecasts give a general idea what kind of weather can be expected - drier or wetter than average, above or below normal temperatures.

Gas, and Amerada to seek a negotiated settlement over how to divide Tensi between them.

The Court of Appeal ruled last week that the three companies must divide the shares of Tensi according to the value of licence interests they share with Texas Eastern in the North Sea. This would be determined by a lower court and yesterday's decision was a clarification of the earlier ruling.

However, Texas Eastern had been looking at options to pull out of its sales contract with Enterprise at the end of this month, as allowed for in the contract, and sell the assets of Tensi on a piecemeal basis in order to prevent the disputes from dragging on indefinitely. It has now agreed to delay any such action for almost a month

Airport delays boost domestic holidays

By David Churchill, Leisure Industries Correspondent

MOST domestic holiday operators are enjoying record demand this summer, helped by the warm weather and disenchantment with overseas holiday flight delays, according to a survey released yesterday by the English Tourist Board.

Some 26 of the top 34 holiday operators in the UK reported better business than last year, with the level of bookings up by between 10 per cent to 20 per cent.

"British holidays are right back in fashion," Mr Malcolm Wood, the board's director of marketing, said yesterday.

"There are still bookings available in most resorts, and if the demand stays at the same level we expect the success of English holidays to continue right through the summer peak months," he added.

Country Holidays, which rents out self-catering cottages in the Lake District, Yorkshire Dales, West Country, and East Anglia, says there has been a 60 per cent increase in enquiries for its cottages on July last year.

Mr Philip Green, managing director of Country Holidays, said: "The glorious weather is undoubtedly a factor in the decision to holiday in Britain, but many of our customers are saying they can't face the hazards of airport chaos and crowded resorts."

Welsh tourism has also benefited. The Welsh Tourist Board says it is having a "bumper" year.

attached to any individual. It also endorsed the organization's own conclusion that more observations - particularly to the west of Britain - and more powerful computing resources were needed.

No one method of observing weather provides enough data to make forecasts of the highly changeable atmosphere prevailing above in the north-east corner of the Atlantic. The Met Office, an 824m operation last year, uses a variety of observations, melding the automatic with the traditional.

On the surface alone, it has 30 key observation stations manned by professional meteorologists filing every hour.

It has a further 53 sites manned by its own staff; 47 automatic weather stations; and 124 inputs from people like coastguards and lighthouse keepers. It is also developing a semi-automatic weather station which will fill in the gaps when the resident observer is off-duty.

Offshore, more than 530 British merchant ships and oil platforms regularly report. They are just part of a worldwide system of 7,000 ships under 49 flags reported to the World Meteorological Office.

But not even this deluge of data can cope with the changeability of British weather. As Dr Houghton sees it, the forecaster is struggling to identify points of stability in an inherently chaotic system.

Not should anyone leap to conclusions that the fine summer is evidence of forecasts that the globe is overheating. The best Met Office record of the past 100 years is of change in sea surface temperature. Its undulations reveal nothing consistent with a greenhouse effect.

thought likely to redouble efforts to reach a negotiated settlement on how to divide the company in order to avoid weakening their claim on the assets at a later date.

Enterprise appears confident that it would have a strong case in House of Lords, where it may attempt to overturn the Court of Appeal ruling. However, it is uncertain that its petition to have the case heard would succeed and the proceedings could easily stretch for more than a year.

All three companies appear anxious not to have Texas Eastern terminate the contract. If they do not reach a negotiated settlement and Enterprise fails in its petition to the Lords, the three would have to accept a court division of the shares.

Passenger build-up closes hall at airport

By Lynton McLean

THE BUSIEST weekend of the year for holidaymakers began yesterday with the closure of the passport control hall at Gatwick Airport's main terminal, as the build-up of passengers breached safety limits.

Passengers were kept on board aircraft after the airport took advice from the fire brigade. The airport is permitted to hold only a certain number of passengers at any one time for safety reasons.

The decision to close the hall until the congestion eased came as families began summer holidays after the end of term for schools in England and Wales last week.

Gatwick airport expected to handle 83,000 passengers yesterday and 180,000 passengers over the weekend.

The airport management erected two marquees to accommodate people faced with long delays, but they have not been used.

The airport also provided £100,000 of entertainment including clowns, magicians and video films, to keep children amused.

The most serious delays, of up to six hours, to flights from Gatwick yesterday were caused by technical problems.

French air traffic control engineers resumed industrial action on Wednesday. This was expected to end at 7am on Monday.

Some flights were being re-routed through German air space in an attempt to avoid the French action. The West Germans imposed restrictions on flights for a time when their air space reached its capacity.

The Association of British Travel Agents yesterday appealed to their travel organisations throughout continental Europe to put pressure on the French Government to help end the air traffic control action.

The association is upset that the French Government has so far failed to respond to its plea for intervention in the strike.

Passengers at Heathrow Airport, London, were delayed for only about 15 to 20 minutes.

Posgate 'wanted to oust Grob'

By Patrick Cockburn

MR Ian Posgate, the leading Lloyd's underwriter accused of fraud, told the jury at Southwark Crown Court yesterday that he had long wanted to displace Mr Kenneth Grob, the former chairman of Alexander Howden insurance brokers, from his position in the company.

Mr Grob who, together with Mr Posgate, has now been on trial for 13 weeks, denies charges of purchasing the Swiss-based Banque du Rhone et de la Tamise for himself using funds from Howden.

Speaking of his relations with Mr Grob and other Howden directors in the late 1970s and early 1980s, Mr Posgate disclosed that once on the Howden board in 1978, he had wanted to get rid of Mr Grob. He also said that he was furious that the rest of the Howden board had excluded him from discussions about the takeover by Alexander and Alexander, the American insurance brokers, in 1981.

It was the takeover of Howden by Alexander and Alexander which first led to allegations that Mr Posgate and four other former Howden directors, including Mr Grob, had misappropriated £36m from Howden insurance companies and Lloyd's insurance syndicates managed by the group.

Mr Posgate was then asked by Mr Alun Jones, QC, Mr Grob's counsel, about the relations between himself and the four other directors at the time they jointly purchased the Banque du Rhone from Howden in 1979.

Mr Jones then said: "I suggest to you that from September 1979 you were a willing partner of the syndicate formed to purchase the bank from Howden."

Replying to this charge Mr Posgate said: "I do not accept that I was a willing partner of the syndicate. I do accept that I was the willing beneficiary of a trust that had shares in the Banque du Rhone."

The trial continues.

David Hunt: £3.5bn to spend on urban recovery

yet the aid package of enterprise zone, environmental improvements and grants has been the DoE's urban development corporation and the region's local authorities playing the major roles.

Such "who's in charge here?" confusion has now been ended by this week's reshuffle.

Mr David Hunt's week started with Mrs Thatcher asking him on Monday to become Minister for Local Government in the Department of the Envi-

Limping off for summer

THIS HAS NOT been a good season for the British Government. There must be better ways of reshuffling a Cabinet than trying to sack the Foreign Secretary, then ending up with him as deputy Prime Minister and chairman of some of the key Cabinet committees. The tensions within the Government, relatively concealed until recently, are now out in the open.

Many of those tensions concern Europe, and Britain's place in the Community. The Prime Minister may have become irritated by Sir Geoffrey Howe for other reasons - their temperaments are quite different - but the principal reason for his dismissal was that he wanted faster progress towards European integration than she does. There is no alternative way of explaining the changes in the Foreign Office. Whatever may be said for the abilities of Mr John Major, the new Foreign Secretary, it has never been claimed that it was his enthusiasm for Europe that took him to the top. Mr Francis Maude, one of the new junior ministers at the Foreign Office, would be a natural member of the Bruges Group - the body founded after the Prime Minister's speech nearly a year ago saying that the pace of European integration should be slowed.

All that is serious in itself, it ought to have crossed even the most brusque of minds by now that Britain has tried to hold up European integration before, has never been wholly successful, and has been left trying to catch up with the original members of the Community.

Nationalist first

The Prime Minister likes to compare her approach to that of President de Gaulle, who was a nationalist first and a European only when necessary. Yet it is worth recalling that, after De Gaulle departed, France became very much more a European country, taking Community membership as a basis for many of its policies. There are signs that in Britain is beginning to shift, too. Most of the Labour Party now takes British membership for granted. In the European elections in June some normally Tory voters were angered by the Prime Minister's grudging approach to the Community. And Sir Geoffrey Howe is not the only senior Conservative to believe that opposition to European integration is wrong: Mr Michael Heseltine, the outsider running for the Tory succession, has based a large part of his campaign on a European platform. It is not as if the Prime Minister's isolation from the Euro-



Richard Waters on the City pressures which lead to affairs like Blue Arrow

There is still "plenty of opportunity for people to do things they shouldn't in smoke-filled rooms at two o'clock in the morning."

This admission comes from the man in charge of regulation inside one of the City's largest investment banks. His counterpart at another, Mr James Norton of Morgan Grenfell, agrees: "Everything depends on people."

That seems cold comfort after the trail of wrecked careers, City anguish and public concern which has followed the Department of Trade and Industry inspectors' report into the Blue Arrow affair.

But it is all that the City has to offer - that, and a collection of procedural changes which might (or might not) catch wrongdoers intent on the same ends in the future.

Corporate financiers are renowned for two qualities above all others: aggressiveness and ambition. Many are trained professionals - either lawyers or accountants - most are young and all are intelligent and highly paid.

All four corporate financiers at the centre of the Blue Arrow storm are chartered accountants - Nicholas Wells and David Reed of Conyn NatWest, and Christopher Statforth and Martin Gibbs of Phillips & Drew. They all joined the flow which has taken some of the best brains out of accountancy firms and into merchant banks in the recent past.

By temperament, people like this are generally more maverick than the run-of-the-mill practicing accountant, and less prepared to work in hierarchical organisations. Possessing considerable technical skill, and with a copy of the City's takeover code in one hand and a legal text book in the other, they are generally well-armed for the corporate finance battles in which they find themselves. They also tend to have been steeped during their formative years in the strong

Success at too high a price

ethical environment that pervades most accountancy and law firms.

This background must be set against the huge pressures under which most corporate financiers work. Most are used to 60-hour weeks, and to long nights and weekends during takeover battles, spent formulating strategies or preparing documents. The pressure to succeed in such circumstances is intense: the difference between success and failure in one deal can have important financial implications for their business. Take Hambros Bank's involvement in the outcome of the current bid by its client, Hoylake, for BAT. Success will bring it \$30m, failure a meagre \$5m.

Two things intensify the pressure. First, the personal rewards of success are large. Corporate financiers can make as much in bonuses as they receive in basic salary.

Second, the penalties of failure are severe. Reputations, both personal and corporate, are made or broken on the success of large deals like the Blue Arrow rights issue. This was one of the main considerations - according to the DTI inspectors - driving Mr Wells and Mr Reed when they tried to dissuade NatWest directors from revealing the true extent of the failure of Blue Arrow's rights issue.

In all of this, it is important to realise that those implicated in the latest scandal are no different from many others in the City, and held in

high esteem that some. One accountant who worked with Mr Reed and Mr Wells on a number of deals says: "I enjoyed doing business with them. They were aggressive, and did not go in for double-dealing. They did what needed to be done on behalf of my clients."

It is possible to control more closely the way these people operate? It appears not. As Mr Geoffrey Williams, deputy chairman of Schroder Wagg, says: "You can apply a strict hierarchical reporting system, but you would find yourself out of business." Much corporate finance business is done at high speed, and an increasing amount of it late at night or at weekends, he says.

"The idea that someone comes back at each stage and reports to a committee about what he is doing just isn't realistic," says Mr Williams.

A further difficulty is that corporate financiers guard their territory jealously. They have been brought up in an environment of intense secrecy. In this environment, only the people running each division are really in a position to control what goes on. "Divisional heads must realise they are responsible," says the same compliance director. "There's no way I would walk the gangplank ahead of those guys. I might walk behind, but I certainly wouldn't walk ahead."

This is exactly what has happened over the Blue Arrow affair. Whether

"WE WERE not acting under formal powers, but we were taking the view that there should be an acceptance of responsibility at group level. This is equivalent to ministerial responsibility."

This was the explanation yesterday of the Bank of England's role in the NatWest resignations by Mr Robin Leigh-Pemberton, the Bank's Governor. At the same time he expressed satisfaction with the Bank's statutory position under the Banking Act. "The Bank of England has had a clear idea of what it should be doing and how it should be doing it."

The Bank of England has a general non-statutory responsibility for proper conduct in the financial services industry

Geoffrey Owen and Barry Riley talk to Robin Leigh-Pemberton

could provide the first major test of the Bank's powers under the Act.

Punishing the miscreants in the NatWest affair, however, will not end public disquiet. Was the Blue Arrow case the tip of the iceberg? Do the new conglomerates, bringing together clearing banks and securities houses, pose impossible problems of management and supervision? Mr Leigh-Pemberton, while the DTI inspectors' report suggested that there were serious flaws in NatWest's control system, he did not believe that the con-

glomerate approach was wrong in principle. The question was whether the control system, and those appointed to operate it, were adequate.

Officials at the Bank consider that the County NatWest irregularities represented an isolated (though not unique) case, and were not the general pattern. However, they accept that conditions in the investment banking industry remain intensely competitive and that there will be pressure on individuals to cut corners. They would like to see more "rough, tough" characters on group boards, and at intermediate levels, whose main role would be to ask awkward questions.

They also recognise that the "matrix" style of organisation, in which an executive reports to several different bosses, poses particular, but not insoluble, problems.

The same matrix problems apply to the supervisory system, which at present is based on regulation by function. Thus the constituent parts of a diversified financial institution report to several different regulatory bodies.

This system has potential weaknesses. As Mr Brian Quinn, head of banking supervision, pointed out recently, it is not always clear where the responsibility of each of the supervisors begins and ends.

The emerging view at the Bank is that there should be a move to institutional supervision, in which the Bank of England, for example, would have clear overriding responsibility for banking groups. This multi-supervisor problem was not, however, an issue in the NatWest case, which predated the empowering of bodies such as the Securities and Investments Board and The Securities Association.

Now the Bank will seek to implement in future banking regulation what it has learned from the misfortunes of NatWest. "We will want to be satisfied that both the people and the structure are correct," said Mr Leigh-Pemberton.

MAN IN THE NEWS

Lord King

The going rate, and nothing but the going rate

By Paul Betts

Lord King does not like talking about the sordid subject of money. "It's so tatty, and I don't like being involved in anything tatty. It's unattractive; it's second class," he says, sitting on the edge of his first-class seat with a glass of Krug champagne in the new Boeing jumbo jet he has just picked up in Seattle.

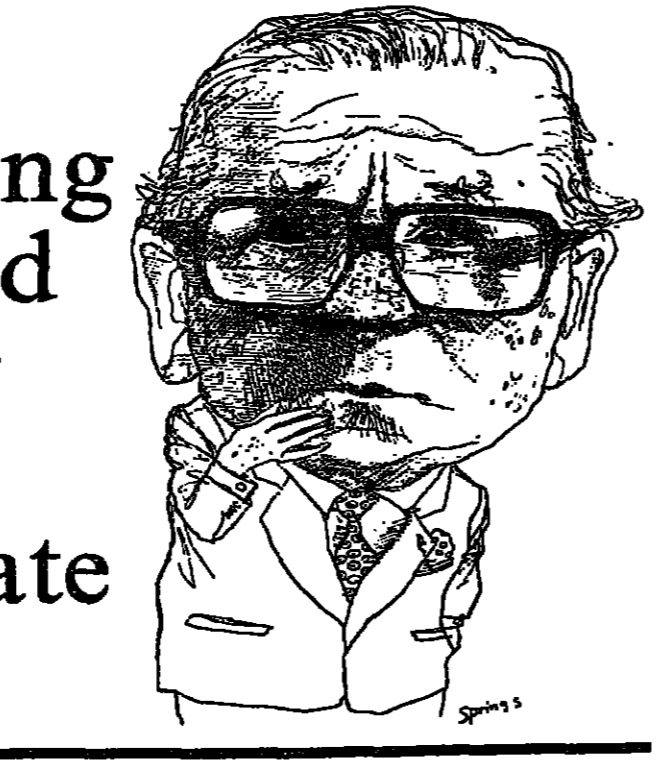
But the subject of money and of his remuneration increases at both British Airways and FKI Babcock have clouded what was otherwise a perfect visit to the US for the 71-year-old BA chairman.

Lord King went to Seattle earlier this week, leading a large contingent of BA executives and journalists to collect BA's latest addition to its fleet - the first two of the 19 Boeing 747-400 jets the company ordered three years ago to consolidate and enhance its long-haul airline business.

While looking at the two huge aircraft, Boeing's private airfield, he says he felt like a schoolboy. Since taking over at the top of BA and engineering the airline's spectacular recovery, Lord King acknowledges that he has become hooked by the business. "This business is a romance," he says.

He also enjoys the exposure. His peculiar mixture of humble engineer turned lord and self-made millionaire has a compulsive appeal in the US and especially in Seattle, where BA has long been one of Boeing's best and most faithful customers. And although he is not an especially brilliant public speaker, he has a way of commanding attention and is skilful in repartee.

Mr Dean Thornton, the president of Boeing's commercial aircraft division, admits his admiration for the way Lord King fielded embarrassing questions in Seattle. When faced with a difficult question, he says, Lord King's trick was to give a direct answer to a completely different question. Asked about his recent pay rises, Lord King looked hard at Mr Thornton and said: "Judging from the standard of some of the people in front of me, I



am a poor relation." In Seattle, it is an old commonplace that any Boeing vice-president is automatically regarded as a dollar millionaire.

But for all his bonhomie and worldliness, Lord King is angry about the political storm over his pay in the UK. He feels strongly that he has been paid the going rate for the job at BA, and could earn more by moving elsewhere. Although he will not comment on the latest rumours that he has been offered \$10m (£6m) to go to ailing Pan Am, he hints that he has been approached several times in the past.

He does not think it is the actual amount of money he is earning that is at the heart of the matter. He is, after all, only the 28th highest-paid executive in the UK and claims to have been paid relatively little in his first six to seven years at the

airline. The problem, he feels, is the percentage figure of a 116 per cent remuneration rise at BA. The other problem, he suspects, is that there appears to be a broad public perception in Britain that the national airline is still a public rather than private affair and that, as a result, he is still regarded as a servant of state industry.

As for the Babcock bonus, Lord King explained that the boiler and electrical company he has chaired since 1972 agreed to give him this payment 14 months ago, but he refused to take it until Babcock profits went over the \$105m mark. They just made \$105m, he points out.

Although Lord King flew into London on Thursday to mounding political controversy over his pay, he claims his relations with Mrs Thatcher are perfectly sound and that she has not raised the issue of his remuneration with him.

In any event, he feels he has no excuses to make and that he has done a good job at BA. "When he came here the airline was on the brink of bankruptcy. Today it is one of the most profitable in the world and expanding, one of his associates explains.

Lord King says his business approach is quite straightforward: "To try to do something properly." At BA, one of his priorities was to get the right team at the top of the company's management and the appointment of an experienced marketing man, Sir Colin Marshall, as chief executive has been widely admired.

"He delegates very strongly. In a nutshell his attitude is if you get a good man, you pay him well and let him do his job. If he is no good, you get

rid of him," explained another colleague. Lord King puts it this way: "You must have the best staff you can have, just as you must have the best machine tools in a manufacturing process."

Indeed, during the recovery and restructuring process at BA, he was ruthless in firing a large number of executives. "Don't let that easy-going English squire's manner fool you. When it comes to business he is no choirboy," says one man at Boeing, which faces hefty compensation claims from British Airways for the late delivery of the new jumbos.

Lord King has ambitious plans for the airline. "We want to expand our European hub and spoke operations and we hope to do this with Sabena, the Belgian airline." He is seeking greater access to the US market and is looking at possible cross-shareholding links with partners there. He wants to expand in the Far East and says he is disappointed BA failed to acquire Air New Zealand. He is also keen to develop regional airport services in the UK, but not overly enthusiastic about diversification. "I believe in core businesses," he says.

Some of his closest colleagues say they would be most surprised to see him head away to the US by his dollars. He loves being chairman of this airline, he loves hunting, and he is, after all, 71.

But Lord King says he does not have much time for hunting these days. "I'm still chairman of the Belvoir Hunt and I've been Master of the Hunt for 24 seasons. But I've little time for anything but work."

He is likely to have to put in extra hours in the coming weeks to fend off the growing challenge from the Government and public opinion at large over what are regarded by many people, in the UK at least, as unacceptably high executive pay rises. And he is unlikely to be able to continue batting off his critics with his mastery of the witty one-liner.

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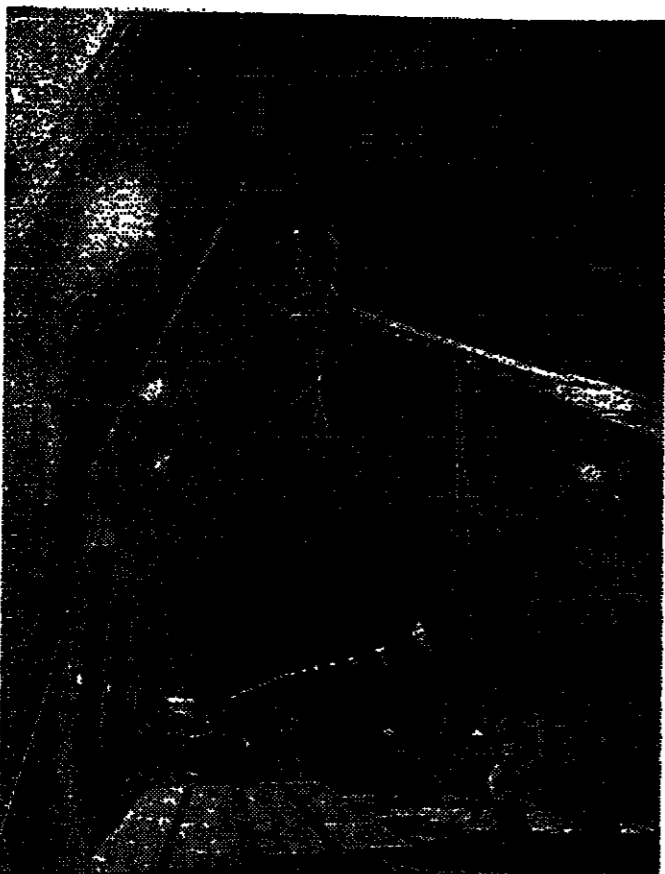
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The Channel Tunnel: problems of costs and timetable

In the days when Pharaohs built pyramids, contractors were often... Andrew Taylor on problems besetting the Channel Tunnel builders

The financial bedrock

The tunnel is not in that league yet, but there must be serious concern at the mounting costs in a scheme not due to be completed until June 1993.

elements change during construction, at the client's request or because circumstances have changed.

says tough developers like Godfrey Bradman at Rosehaugh and Stuart Lipton at Stanhope...

In March of last year a Government advertisement headed 'War Criminals - Evidence Wanted' appeared in most of Britain's national newspapers.

Alan Pike explains why former war criminals who made their home in Britain may at last be brought to trial A final call for retribution

whether such prosecutions should take place, the story of the lengths to which Sir Thomas and Mr Chalmers have already gone in gathering their evidence is remarkable in itself.

Baltic Republics of the Soviet Union - Byelorussia and the Ukraine. Groups from these areas fought for the Germans in the Second World War, and substantial numbers of people from the region settled in Britain when it ended.

When detailed consideration of specific cases began the retired Metropolitan Police officers were brought in to assist, and the investigations were remarkable in their thoroughness.



Latvian SS volunteers surrender to the British in spring, 1945

They have recommended further investigations of 75 other allegations but, in view of the advanced ages of suspects and witnesses, the judgement of death is certain to prove swifter than that of the courts in some cases.

be brought to justice. Ageing survivors, aware that they are the last and diminishing witnesses to the appalling events of the 1940s, have become anxious to testify while there is still time.

LETTERS

Guinness settlement

Panel has made arrangements to compensate some former Distillers shareholders as a result of not receiving the full consideration to which they became entitled under the Takeover rules...

Tax on pensions

Sir, 'Think big and save,' by Ian Hamilton Fozzy (July 22), is a gross slur on many solicitors throughout the UK who have first-class commercial training and experience...

Solicitors can handle it

Rather than being seduced by public relations hype promoting the services of these merged firms, your small business should be better advised to take the impartial recommendation of his local enterprise agency when choosing a solicitor.

Paying by Mars bar?

Sir, I have just been engaged in the annual nightmare of planning currency needs for my motoring vacation in Europe.

'You teach by persuasion'

Sir, I have just heard that one of the best teachers I have ever known is leaving long before his time. Last week I attended the 'wake' of several secondary school heads who are leaving early.

Retirement planned earlier

early retirement was planned to avoid my leaving the Board at the same time as the chairman. Headhunters were appointed last October to find my successor - no far without success.

Mujahideen resistance in Iran

The article adds that the 'mujahideen lost, by its own estimate, some 5,000 men.' This is entirely untrue. If she refers to those killed in CIA operations, even the Khomeini regime has not claimed such a figure.

Table with columns: ADVERTISEMENT, BUILDING SOCIETY INVESTMENT TERMS, Product, Applied rate, Int. rate, Minimum investment, Access and other details. Lists various investment products from Alliance and Leicester, Barnaby, Birmingham Midshires, etc.

UK COMPANY NEWS

Avis Europe shares leap on talks with ex-parent

By John Thornhill

AVIS EUROPE, the car leasing and rental group which three years ago was floated off from its US parent, Avis Inc, may be bought back by its original owner.

Both Lease International and Avis Inc are represented on the Avis Europe board and Mr Cathcart is a non-executive director of Avis Inc. Mr Cathcart confirmed the existence of a shareholding agreement that means that Lease International is not able to vote against the Avis Europe board, other than in exceptional circumstances.

Europe shares, which represent 23.6 per cent of the total, and Lease International owns 37.4m (25 per cent) - although 22m of these represent part of Avis Inc's holding, pending the exchange of subordinated debentures.

TSB Trust joins Italian life insurance venture

By Patrick Cockburn

TSB TRUST Company of the UK is joining Bank Cariplo, the Italian savings bank, and Caisse National de Prevoyance, the French life insurance organisation, to form a new life insurance company in Italy.

that the shape and size of the new company had not been finally decided. It might try to acquire an existing Italian life company which has the advantage of enabling the group to avoid the lengthy process of obtaining Government authorisation for the establishment of a new company.

DTI looks at £13bn BAT bid

By Ivor Owen, Parliamentary Correspondent

MR JOHN Redwood, Minister for Corporate Affairs, confirmed in the Commons yesterday that Sir Gordon Forrie, Director General of Fair Trading, was considering Hoylake's £13bn takeover bid for BAT industries.



Sir Jeremy Morse, chairman of Lloyds Bank - facing up to a darkening Third World debt

Provisions cut Lloyds Bank to £93m

By David Barchard

LOYDYS BANK, the smallest of the big four clearing banks, yesterday reported a sharp fall in its pre-tax profits in the six months to June 30 because of increased provision against Third World debt.

Without the debt provisions, Lloyds' pre-tax profits would have risen by 17 per cent to £557m. Assets grew to £57.33bn (£49.77bn), an increase of 11 per cent since the start of the year.

Operating expenses were up by 13 per cent to £173m, bringing the group's cost to income ratio to 62 per cent.

£6.2bn, while income from credit card fees was up from £14m to £20m.

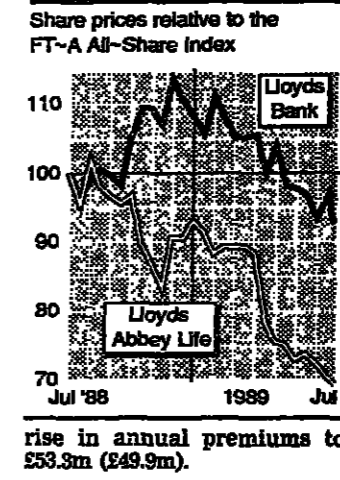
Black Horse loss hits Abbey Life

By Eric Short

PRE-TAX profits of the financial services subsidiary, Lloyds Abbey Life, declined nearly 13 per cent from £192.9m to £168.6m in the first half, with net profits dropping 12 per cent from £102.4m to £90.4m.

But this could not offset the severe profit decline in the non-life activities, where the estate agency business, Black Horse Agencies lost £5.9m pre-tax against a profit of £8.3m last year, and Lloyds Bowmaker Finance saw a 25 per cent drop in pre-tax profits to £37m (£49.4m), a reflection of the effect of high interest rates.

Earnings were 13.6p (15.3p) and the interim dividend is raised to 6p (3.6p). There is a scrip alternative and Lloyds Bank will be taking shares.



Mild winter helps Greggs rise 47% to £2.47m

By John Thornhill

THE MILD winter and lower-than-expected ingredient price increases helped Greggs, the Newcastle-based baker, lift its pre-tax profits by 47 per cent from £1.63m to £2.47m in the 24 weeks to June 17.

Mr Ian Gregg, chairman, reported that since the end of the first half, trading had been flat but a satisfactory outcome was still expected for the year.

Misys jumps to £5.9m and growth continues

By John Murrell

MISYS, the acquisitive computing services group, yesterday unveiled a surge in profits from £2.23m to £5.55m pre-tax for the year to end-May.

are to receive a 1.3p lift in their total dividend to 4.8p via a proposed final of 3p.

Table with columns: Company, Current payment, Date of payment, Corres. pending dividend, Total for year, Total last year. Lists dividends for various companies like Aeronson Bros, Ayrshire Metal, Banks (Midney), etc.

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. \$£Unquoted stock. ‡Third market. †Included special 15p. ‡Carries scrip option.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Latest price, 1989 High, 1989 Low, Stock, Closing Price, % change. Lists various stock issues like Abbey National, Ayrshire Metal, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Latest price, 1989 High, 1989 Low, Stock, Closing Price, % change. Lists fixed interest stocks like Anglo-Scottish, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Latest price, 1989 High, 1989 Low, Stock, Closing Price, % change. Lists rights offers for various companies.

TRADITIONAL OPTIONS

First Dealings Jul 24, Last Dealings Aug 4, Last Declarations Oct 25, For settlement Nov 6. For rate indications see end of London Share Service.

Hanson drops price for Smith Corona

By Roderick Oram in New York

HANSON INDUSTRIES, the US arm of Hanson of the UK, has accepted a lower price than it expected for the sale of shares in Smith Corona, its typewriter subsidiary.

Analysts are forecasting 1989 profits for Smith Corona of about \$1.6 per share, indicating a price/earnings multiple of 11.7 on \$21 a share. This is in line with market averages but some analysts expressed concern that money raised in the share offering was flowing to Hanson, not to Smith Corona.

See Lex

RTZ considers offers for speciality chemical side

By Kenneth Gooding, Mining Correspondent

RTZ Corporation, the mining and industrial group, is actively considering offers for its speciality chemicals operations which are believed to be worth about \$200m.

See Lex

Optical and Medical rises 38% to a record £7m

By Wensley Haydon-Baillie

Optical and Medical International reported record taxable profits for the year to the end of March up 38 per cent from £3.1m to £7.03m.

See Lex

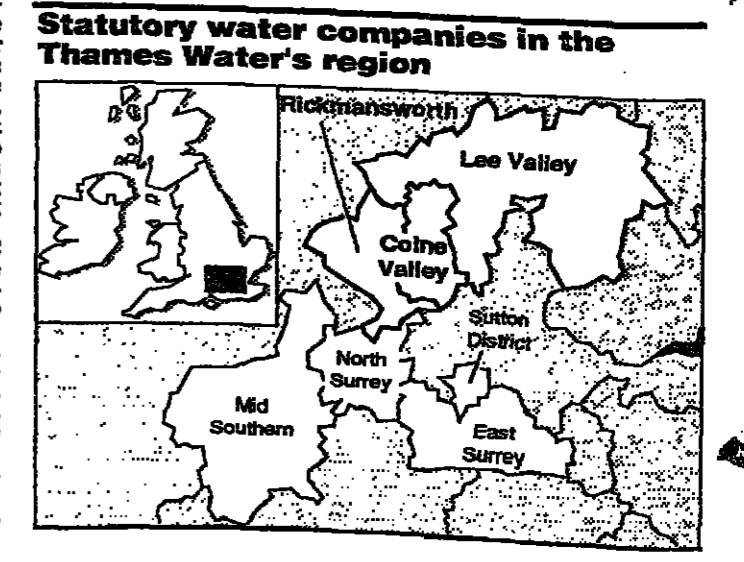
Facing up to the prospect of more water torture

Andrew Hill on Nicholas Ridley's investigation into the proposed merger of three statutory companies

THERE SEEMS to be no respite for the shoals and rapids of water privatisation for Mr Nicholas Ridley. On Monday, he moved from the Department of the Environment, bringing his water torture to an end - or so he thought.

But the Government will worry that such a merger will reduce the number of independent water suppliers in the UK, jeopardising comparative competition - a key plank of its privatisation policy.

Mr John Stansby, the pugacious chairman of SAUR (UK), has already made clear he will not let SAUR's compatriot and rival gain control of two more Three Valleys companies without a fight.



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MARKET STATISTICS

BANK RETURN table showing Banking Department and Issue Department returns for Wednesday July 28, 1989.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange with columns for Series, Vol, Last, etc., and sub-sections for various indices.

ECONOMIC DIARY

Textual content under Economic Diary including 'TOMORROW: Mr James Baker...' and 'MONDAY: Target date for launch of space shuttle...'.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of Equity Groups and Sub-sections with columns for Index No., Day's Change, etc., and a section for Fixed Interest.

Members of Lloyd's and professional advisors advertisement with contact information for Holman Wade Ltd.

MISYS plc PRELIMINARY ANNOUNCEMENT OF RESULTS TO 31st May 1989. Includes financial highlights table and earnings per share bar chart.

NORTHERN IRELAND advertisement from The Financial Times proposing a survey on Wednesday 29th September 1989.

INVESTMENT DECISIONS? NOW YOU CAN GET ALL THE ANGLES... STRAIGHTAWAY advertisement for Investors Chronicle magazine.

INTERNATIONAL COMPANIES AND FINANCE

Komatsu purchases 64% holding in Hanomag

By David Goodhart in Bonn

HANOMAG, the Hanover-based construction equipment group, said yesterday it was being taken over by Komatsu of Japan...

Seal put on Spanish savings banks' link

By Tom Burns in Madrid

SPAIN'S BIGGEST and third largest savings banks, La Caja de Pensiones (La Caixa) and the Caja de Ahorros de Barcelona...

Canada papers over the poisons

David Owen on attempts by the pulp industry to control pollution

The environmental chickens are coming home to roost in the Canadian pulp and paper industry.

The environmental chickens are coming home to roost in the Canadian pulp and paper industry.

spending more than C\$1bn over a number of years on projects related to the environment.

by a third between 1978 and 1985 and reducing solid mill waste by 38.4 per cent over the same period.

Sun Micro share price plunges

By Louise Kehoe in San Francisco

SUN Microsystems' stock price plunged in early trading yesterday, losing more than 10 per cent of its value to trade at a three-year low of \$14.50...

quarter problem." The fourth-quarter loss will be Sun's first in seven years of record growth.

Israeli bank sell-off plan stalls

By Hugh Carnegie in Jerusalem

THE ISRAELI Government's plan to dispose of its majority, but non-controlling, shareholdings in the country's commercial banks has run into trouble...

acquired in 1983, for about \$7bn, to rescue them from a stock market collapse.

trolled by OHI, the Jewish Colonial Trust - or by enforcing share equalisation of the parent bank and dismissing the present board.

Aetna Life advances by 25%

By Karen Zagor in New York

AETNA Life & Casualty, the largest investor-owned US insurance company, yesterday reported a 25 per cent increase in third-quarter earnings.

Hooker pulls down Herscu company

By Chris Sherwell in Sydney

THE COMPANY which controlled the collapsed Hooker Corporation was placed in receivership yesterday, a direct result of the debt-troubled property group's demise earlier this week.

lowed disagreements between Mr Herscu and the group's 45 banks over the urgent need for asset sales.

Rustenburg Platinum raises sales 25%

By Jim Jones in Johannesburg

RUSTENBURG Platinum, the world's largest producer of platinum group metals, lifted sales by almost 25 per cent in the year to June 30...

Turnover increased to R2,938m (\$1.1bn) in the year to June 30 from the previous year's R2,377m.

refinery replaces facilities in Britain and South Africa. Operations were little affected by a strike at the base metals refinery.

Both results were distorted by extraordinary items. The latest quarterly income realised capital gains of \$12m or 11 cents a share compared with realised capital losses the previous year of \$17m or 14 cents a share.

Strong demand boosts Bridgestone

INTERIM pre-tax profits of Bridgestone, Japan's leading tyre maker, rose 18.3 per cent to ¥40.8bn (\$294m) on sales up 15 per cent to ¥334.6bn.

ent company only and so do not reflect the activities of Firestone Tire and Rubber of the US, acquired last March, or other subsidiaries.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Unit, Price, Change, High, Low. Includes Gold, Silver, Copper, Nickel, Zinc, Tin, Lead, etc.

Table with columns: Commodity, Price, Change. Includes Dural, Brent Blend, W.T.I., Oil products, etc.

Table with columns: Commodity, Price, Change. Includes Gold, Silver, Platinum, Palladium, Aluminium, etc.

Table with columns: Commodity, Price, Change. Includes Rubber, Cotton, Coconut, Palm Oil, Cocoa, Soybeans, etc.

Table with columns: Commodity, Price, Change. Includes Gas Oil, CRUDE OIL, etc.

Table with columns: Commodity, Price, Change. Includes London Metal Exchange, Aluminium, Copper, Lead, etc.

Table with columns: Commodity, Price, Change. Includes Potatoes, Soyabean Meal, Soyabean Oil, etc.

Table with columns: Commodity, Price, Change. Includes Wheat, Barley, Oats, etc.

Table with columns: Commodity, Price, Change. Includes Wheat, Barley, Oats, etc.

Table with columns: Commodity, Price, Change. Includes Wheat, Barley, Oats, etc.

Table with columns: Commodity, Price, Change. Includes US Markets, Copper, CRUDE OIL, HEATING OIL, etc.

Table with columns: Commodity, Price, Change. Includes New York, Gold, Silver, Platinum, etc.

Table with columns: Commodity, Price, Change. Includes Silver, Gold, etc.

Table with columns: Commodity, Price, Change. Includes Silver, Gold, etc.

Table with columns: Commodity, Price, Change. Includes Silver, Gold, etc.

WORLD STOCK MARKETS

AMERICA

Consolidation leaves equities little changed

Wall Street

A WIDELY expected consolidation after the record-breaking gains of the previous two days left equity prices little changed on Wall Street, but bonds soared to their best levels in more than two years...

The Dow Jones Industrial Average at 1.30 pm was 4.13 up at 2,630.61 and the Standard & Poor's 500 index was 0.92 ahead at a record high of 342.91.

The day started on a weak note as professionals took profits after the 50-point gain in the Dow over the previous two days.

The technology sector remained weak. Sun Microsystems was the most prominent loser, declining 1% to \$144, after announcing that its loss this quarter would be in the range of \$20m to \$25m.

The Treasury's benchmark long-bond advanced by 1/8% to 110 1/8%, a level at which it yielded 7.97 per cent.

An easy tone in the money market, where Federal Funds traded throughout the day at 8% to 8 1/4 per cent, also encouraged the bullish sentiment among bond investors.

Not surprisingly, interest-sensitive and financial stocks were among the day's biggest winners.

Chase Manhattan and Merrill Lynch were the two most active stocks. Chase advanced 1 1/2% to \$23 1/2.

Hong Kong takes a realistic view of property blow

John Elliott explains why the market has regained some stability and optimism in spite of the odds

HONG Kong has learned how to make the best of bad news in the last few weeks since the events in Peking's Tiananmen Square rocked confidence in the colony, which returns to Chinese sovereignty in 1997.

The pragmatism has been amply demonstrated this week as the financial community's leading expatriate executives have shrugged off what in normal times would have been regarded as a market-shattering disaster, and have continued to pack their bags for annual holidays in Europe, Australia and the US.

But Hong Kong's realism has come to the fore, partly helped by the belief that the colony's over-heated property boom earlier this year had to be punctured some time.

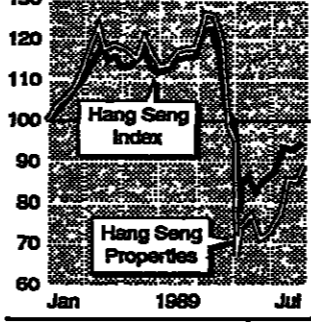
PHILIP Morris fell 1% to \$107 3/4 and AT&T declined 3/4% to \$110 1/4. Pharmaceuticals also gave back some of their recent gains. Squibb declined \$2 to \$118 1/4 and Bristol-Myers fell 3 1/4% to \$48 1/4.

THE IMPORTANT 3,970 resistance level was breached as Toronto stocks pushed ahead in heavy trading.

THE weaker bullion price saw gold shares close lower in thin trading. Randminet dropped \$2 to \$199 while Hartbeest gave up \$1.35 to \$23.

Hong Kong

Price Indices rebased



took the option-forming property market with it. Hong Kong has always been vulnerable to China-induceditters and this becomes worse as 1997 approaches.

"The volatility has stabilised," says Mr Francis Yuen, the chief executive of the stock exchange.

EUROPE

CAC index breaks key barrier as Paris strides ahead

FRENCH stocks stole the show as the West German market continued to consolidate. Peaks were also reached in Zurich and Stockholm.

PARIS celebrated the approach of the big August holiday weekend with a second day of strong gains.

Expectations of further US prime rate cuts, together with better domestic trade figures for June, underpinned the bourse's strength.

"People have ignored the French market because it's been plodding, but what they haven't realised is that it's been plodding steadily upwards," said one dealer.

NEW ZEALAND made little reaction to the previous day's budget. The market began firmly, but came off in response to weakness in Australia.

MANILA advanced in an active session, following the arrest of Mr Satur Ocampo, a communist leader.

OPTIONS activity inflated equity turnover in Australia, but price movements there and in Singapore were limited.

There were two block deals and speculation that Club Med might be building a stake. Chargeurs announced later that its airline, UTA, was talking to Club Med about a possible joint venture involving its charter subsidiary.

FRANKFURT fell again, although there was no heavy selling pressure. Some observers feel that the market is looking rather tired, while others believe declines over the last two days mark a mere break before the next surge upwards.

The DAX index lost 13.78 to 1,552.27 and the FAZ eased 3.73 to 639.78, a rise over the week of 1.5 per cent.

The chemical sector continued to fall, with BASF easing DM2.40 to DM234.50. A big sell order in Vebe, the utility, left the stock DM5 lower at DM319.

AMSTERDAM saw interest continue in chemicals. The rest of the market eased, with the CBS all-share index off 0.5 at 199.8 - steady on the week - after hitting an all-time high of 200.4 on Thursday.

BRUSSELS closed the week quietly, but on a positive note. The cash market index rose by 26.60 points to 6,133.17.

STOCKHOLM climbed to its fifth consecutive all-time high. More investment professionals are getting back to work towards the end of Sweden's holiday season and another session - of company results - begins on August 10.

The Affarsvärlden General index rose 1.7 per cent to 1,307.5 on the day for a gain of 2.3 per cent on the week.

ASIA PACIFIC

Nikkei advance halted by profit-taking

Tokyo

INVESTORS in Tokyo opted to take profits before the weekend as concern over the rapid rise in share prices being more or less absent for two months.

A strong performance on Wall Street overnight kept up the bullish spirit and the Nikkei breached its record high posted on Thursday in morning trading.

Turnover retreated to 877m shares from the 1.59m traded on Thursday. The Topix index of all listed shares gained a modest 1.13 to 2,606.61.

Mr John Courtney of W I Carr said the market was "tired" after a strong week of trading. During the week volume had recovered strongly,

surpassing the 1bn level for three days out of five, and the Nikkei average rose by over 800 points.

Many investors had been eager to get back into the market after being more or less absent for two months.

The yen strengthened against the dollar and interest rates seemed set on a downward course as the US economy slowed down.

"To add to investors' difficulties, there has been no strong issue to give the market direction. Interest in stocks that are sensitive to interest rate fluctuations shifted to large capitalisation steels.

Sumitomo Bank lost Y100 to Y3,680 while Nippon Steel gained Y7 to Y872 and Kawasaki Steel rose Y4 to Y950.

Nippon Steel topped the most active list with 39.8m shares while Kawasaki was third with 19.9m shares.

Housing shares were mixed, after being in the highlight on expectations that the Socialist Party's popularity would lead other parties to devise plans to improve housing.

Trading was mixed in Osaka but the OSE average finished up 98.67 at 34,032.20. Volume slipped to 93m shares from 141m on Thursday.

Sumitomo Chemical, which has 50 per cent of its sales in housing, advanced Y40 to Y1,730. It was second most actively traded with 23.2m shares.

Trading was mixed in Osaka but the OSE average finished up 98.67 at 34,032.20. Volume slipped to 93m shares from 141m on Thursday.

AUSTRALIA took a breather after a good week, although options-related activity pumped up turnover to huge levels. Volume reached 210m shares worth A\$703m.

NEW ZEALAND made little reaction to the previous day's budget. The market began firmly, but came off in response to weakness in Australia.

MANILA advanced in an active session, following the arrest of Mr Satur Ocampo, a communist leader.

OPTIONS activity inflated equity turnover in Australia, but price movements there and in Singapore were limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday July 27 1989, and Wednesday July 26 1989. Includes indices for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordix, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. Japan, World Ex. So. Af., World Ex. Japan (1973), and The World Index.

Advertisement for 'YOU ARE AN ACCOUNTANT GIVING PERSONAL FINANCIAL PLANNING ADVICE AND YOUR CHOSEN SPECIALIST SUBJECT IS LATE 20th CENTURY MONEY MANAGEMENT'. Includes an image of a chair and text about financial planning services.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from the London Stock Exchange Official List and should not be reproduced without permission.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talamian system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains at the previous day.

Corporation and County Stocks

No. of bargains included 1 Greater London Council 4% 8/26-82 (24/89) Greater London Council 4% 8/26-82 (24/89) Greater London Council 4% 8/26-82 (24/89)

UK Public Bonds

Agricultural Mortgage Corp PLC 6% Deb 8/26-82 (24/89) Agricultural Mortgage Corp PLC 6% Deb 8/26-82 (24/89) Agricultural Mortgage Corp PLC 6% Deb 8/26-82 (24/89)

Foreign Stocks, Bonds, etc.

Abney National Building Society 10% 8/26-82 (24/89) Abney National Building Society 10% 8/26-82 (24/89) Abney National Building Society 10% 8/26-82 (24/89)

Breweries and Distilleries

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Financial Trusts, Land, etc

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Mines - Miscellaneous

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Oil

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Investment Trusts

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Banking and Discount Companies

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Registered Housing Associations

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Commercial, Industrial, etc

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LONDON STOCK EXCHANGE

FT-SE regains its pre-Crash levels

THE LONDON stock market finally broke through the Footsie 2,900 mark yesterday to levels not seen since before the market crash of October 1987. The gain of more than 23 points in the index was supported by significant, if somewhat selective, demand from European, US and Japanese institutional investors.

Account Dealing Dates table with columns for dates and descriptions.

overseas interest in British Steel (28m shares traded), British Gas (10m) and Lloyds Bank (7.1m).

chips, weakened in further response to the interim trading report. The market opened firmly but made most of its progress in the second half of the session.

pointed to FT-SE 2,850 as a sensitive point for the market because of the nervousness over possible recessionary pressures on the domestic economy later in the year.

Seag trading volume jumped to 885.7m shares from Thursday's 484.6m, with the total boosted in the final two hours of trading as the equity market moved into the new equity trading Account.

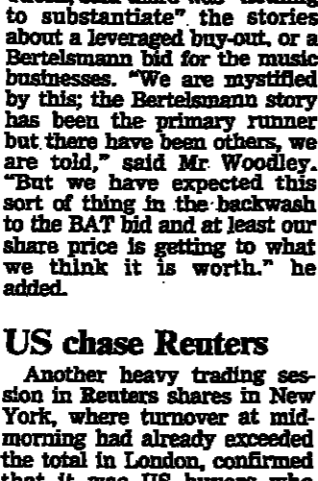
FINANCIAL TIMES STOCK INDICES table with columns for various indices and their values.

TRADING VOLUME IN MAJOR STOCKS table showing volume, price, and change for various stocks.

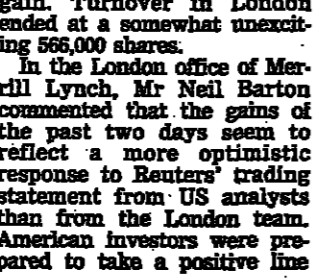
Lloyds' report pleases

The first of the batch of interim results from the big four clearing banks, those of Lloyds, showed the bank had made profits at the very top end of market expectations.

FT-A All-Share Index



Equity Shares Traded



The next figures are due from NatWest on Tuesday, followed by Barclays on Wednesday and Midland on Thursday.

Morgan Grenfell, the merchant bank continued to improve, as bid speculation drove the stock up 5 more to 320p.

General Accident featured in the composite insurance, advancing 11 to 1000p after a buy recommendation issued by Mr Chris Hitchens at Hoare Govett.

over reports that Reuters has achieved sales success in Japan. At Nomura Securities in London, Mr Martin Marbut said this week's buying of Reuters, "has not come from us."

the warm glow of Thursday's bullish analyst mood and the general re-rating of the market's pharmaceutical stocks.

W H Smith were also a firm market, the "A" shares closing a sharp 11 points to 849p.

Further consideration of the recent poor figures and bearish sentiment left Sock Shop a sharp 11 points to 849p.

Avis Europe bounded forward after news of a possible offer for a private consortium which includes Lease International SA and Avis Inc.

accompanying another rise in Rank Organisation, which ended at 989p, up 20. Granada gained 5 to 359p.

Environmental went into fresh decline, losing 65 to 849p, after the announcement that it had not been possible to persuade potential vendors of either trading or commercial interests that the current share price represents a justifiable premium in relation to the company's net asset value.

Among quietly traded engineering stocks GKN put in a strong performance, rising 5 to 459p on turnover of 1.6m shares.

Vague stories of a management buy-out at Xerox or the possible acquisition of a publicly-traded UK company (Granada was frequently mentioned).

LEADERS AND LAGGARDS table showing percentage changes since December 30 1988 based on Thursday July 27 1989.

BENCHMARK GOVERNMENT BONDS table showing coupon, red date, price, change, yield, week ago, and month ago.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for various companies in 1989.

RISES AND FALLS

Table showing rises and falls for various categories like British Funds, Corporate, etc.

COMMODITIES

WEEK IN THE MARKETS Sugar provides the fireworks

SOFT COMMODITIES commanded most attention in the London markets this week, with coffee futures sliding to 8-year lows.

It estimated Indian sugar production this season at no more than 8.2m tonnes, while output is seen reaching at least 9.2m tonnes.

Aluminium also made a very sedate pace and less consistently seen last week. The cash position sea-sawed to \$1,748.50 a tonne, up \$4.50 on the week.

Lead prices drifted downwards for most of the week until they were boosted yesterday by news that Britannia Refined Metals had received a strike notice from the unions representing about half the workforce at its 190,000-tonne-a-year refinery in Northfleet.

APPOINTMENTS

NatWest Group moves. Mr David Duffield has been appointed general manager, NATIONAL WESTMINSTER BANK group personnel, succeeding Mr John Bond on his retirement.

Burton Group promotions

Mr Laurence Cooklin and Mr Paul Plant, deputy managing director of THE BURTON GROUP, have been promoted to joint group managing directors.

Mr S.C.T. Matheson has been appointed director general (management) of the INLAND REVENUE, and a commissioner.

Mr Dick Fox has been appointed marketing director of INTERGRAPH (UK), a new post. He was managing director of National Telephones.

COMMODITIES

WEEK IN THE MARKETS

Sugar provides the fireworks

climbed yesterday morning as talk circulated that India might need to buy about 300,000 tonnes of white sugar, although officials in New Delhi denied that they were actively seeking supplies.

The upsurge had originated in the New York market, however, and when that market reopened yesterday dealers looking "top-heavy" and set about liquidating positions.

There was no fresh news to account for the coffee price's decline, which took the September position down to \$769 a tonne yesterday morning - and analysts said the market appeared due for a technical rally. They added, however, that a rally might only encourage further selling as the market was fundamentally oversupplied and there was nothing on the horizon (bar a damaging Brazilian frost) which might bolster prices.

The September position ended at \$762 a tonne, down \$8 on the week. On the sugar market prices for both whites and raws

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Income, Abbey Growth, etc., with columns for name, price, and other details.

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GUIDE TO UNIT TRUST PRICING
INITIAL CHARGES
The amount of the commission, administrative and other costs which have to be paid by the investor...

سكنا من الامل

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for company name, unit price, and other financial details. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (ISB RECOGNISED)'. The table lists numerous unit trusts from various providers, including Phoenix Mutual, Prudential, Scottish Amicable, and many others, with their respective prices and yields.

FT UNIT TRUST INFORMATION SERVICE

Table listing various FT Unit Trusts with columns for Name, Price, Yield, and other financial metrics.

Table listing various FT Unit Trusts under the 'ISLE OF MAN' category, including details on share prices and yields.

Table listing various FT Unit Trusts under the 'LUXEMBOURG' category, providing financial data for each fund.

Table listing various FT Unit Trusts under the 'OFFSHORE INSURANCES' category, detailing insurance-related fund performance.

LONDON SHARE SERVICE

Table listing various London Share Funds, including British Funds, Commonwealth & African Loans, and American funds, with columns for Name, Price, and Yield.

Table listing various London Share Funds under the 'CORPORATION LOANS' category, detailing loan-related fund performance.

Table listing various London Share Funds under the 'Money Market Bank Accounts' category, providing details on bank account-linked funds.

NOTES: Gross rate of three percent from Company... Price is in pence unless otherwise stated... UNIT TRUST NOTES: Prices are in pence unless otherwise stated...

LONDON SHARE SERVICE

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AMERICANS - Contd

Table listing American companies such as FPL Group, Ford Motor, and General Electric, with columns for stock price, bid, offer, and percentage change.

BUILDING, TIMBER, ROADS - Contd

Table listing companies in the building, timber, and roads sectors, including Bovis Lend Lease and Bovis Lend Lease Construction.

DRAPERY AND STORES - Contd

Table listing companies in the drapery and stores sector, such as Debenhams and Debenhams Group.

ENGINEERING - Contd

Table listing engineering companies like Balfour Beatty and Balfour Beatty Construction.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies like Anglo American and Anglo American Platinum.

CANADIANS

Table listing Canadian companies such as Alcan and Alcan Aluminium.

ELECTRICALS

Table listing electrical companies like British Telecom and British Telecom Group.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Asda and Asda Stores.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

BANKS, HP & LEASING

Table listing banks and hire purchase/leasing companies like Abbey National and Abbey National Finance.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI and ICI Chemicals.

DRAPERY AND STORES

Table listing drapery and stores companies like Debenhams and Debenhams Group.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies like Carlsberg and Carlsberg Breweries.

DRAPERY AND STORES

Table listing drapery and stores companies like Debenhams and Debenhams Group.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

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Table listing more industrial companies including Anglo American and Anglo American Platinum.

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Table listing more industrial companies including Anglo American and Anglo American Platinum.

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Table listing more industrial companies including Anglo American and Anglo American Platinum.

INDUSTRIALS (Miscel.) - Contd

Table listing more industrial companies including Anglo American and Anglo American Platinum.

INSURANCES

Table listing insurance companies like Aviva and Aviva Life Insurance.

LONDON SHARE SERVICE

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INSURANCES - Contd

Table of insurance companies and their share prices, including names like London Assurance and prices in pence.

LEISURE

Table of leisure companies such as British Skyways, British Airways, and their share prices.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies like Rover, Jaguar, and their share prices.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies like News International and their share prices.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies like Newsprint and their share prices.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of paper, printing, and advertising companies and their share prices.

PROPERTY

Table of property-related companies and their share prices.

SHIPPING

Table of shipping companies and their share prices.

SHOES AND LEATHER

Table of shoes and leather companies and their share prices.

SOUTH AFRICANS

Table of South African companies and their share prices.

TEXTILES

Table of textile companies and their share prices.

TEXTILES

Table of textile companies and their share prices.

TABACOS

Table of tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies and their share prices.

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TRUSTS, FINANCE, LAND - Contd

Continuation of trusts, finance, and land companies and their share prices.

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TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Continuation of oil and gas companies and their share prices.

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Table of oil and gas companies and their share prices.

MINES - Contd

Continuation of mining companies and their share prices.

MINES

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THIRD MARKET

Table of third market companies and their share prices.

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FINANCIAL TIMES

Weekend July 29/July 30 1989

Royal Brierley THE FINEST ENGLISH FULL LEAD CRYSTAL

Lloyds writes off £464m in debts

By David Barchard LLOYDS BANK wrote off £464m against developing country debts in the first half of this year...

Quiet satisfaction on the sidelines Philip Stephens on how Heseltine is climbing the slippery pole

MR Michael Heseltine has every reason to feel content with the embarrassing results for Conservative over Mrs Margaret Thatcher's cabinet reshuffle.



Conservative Party rather than to attack her. The three years since have been spent on assiduously cultivating his fellow Conservative MPs...

Bush warns Congress over key votes

By Peter Riddell, US Editor, in Washington PRESIDENT George Bush addressed Congress yesterday...

the Gramm-Rudman deficit reduction law. At the same time there is a stalemate over a proposed cut in capital gains tax...

The bankers take their medicine

THE LEX COLUMN The bankers sit cosily on each other's boards. The kind of premium necessary to clinch a friendly deal when there is no one plausible bidder...

Table with financial data including 'CHIEF PRICE CHANGES YESTERDAY' and 'LONDON (Pence)'.

Table with weather data titled 'WORLDWIDE WEATHER' showing temperature and conditions for various cities.

Top Chinese companies investigated

By our Foreign Staff INVESTIGATIONS into two of China's best known state-owned companies were announced last night...

American Express

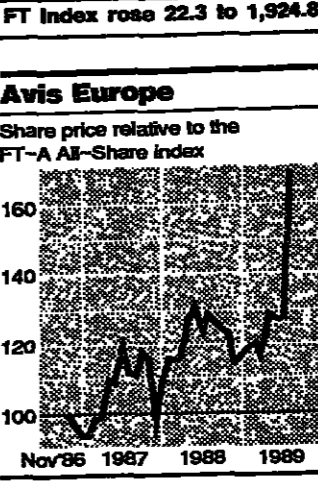
Swiss is charging L'Hebda, a Swiss weekly, with defamation of the bank said a "fundamental change in the tenor of media coverage" of Mr Safra...

Water flotation

agreement is reached with a few, but not with the majority. Mr Howard, backed by his new boss, Mr Chris Patten, Environment Secretary...

The bankers take their medicine

It seems there is nothing the stock market likes better than tough action by the UK clearing banks. National Westminster's shares rose on news earlier in the week...



almost through 8 per cent - and soft-landing optimism in the equities. In the course of July, the Dow has risen a clear 200 points...

Smith Corona Wall Street has risen significantly since Hanson announced plans for an initial public offering of just over half its shares in Smith Corona...

Markets

It is hard to shake off the feeling that the London equity market is getting a risky equity to be. The FT-SE is now higher than it was on the eve of the crash...

Avis Europe

Putting together a consortium bid is not easy even when the parties sit cosily on each other's boards.

Advertisement for Marston's Pedigree Bitter, featuring a large circular logo and text: 'National distribution off to a good start', 'PRE-TAX PROFIT UP 15.3% to £14.93m', 'TURNOVER UP 8.1% to £79.54m', 'EARNINGS PER SHARE UP 15.9% to £1.29p', 'DIVIDENDS PER SHARE UP 15.9% to 3.36p', 'NET ASSETS PER SHARE UP 105% to 209p'.

Advertisement for Bangkok 28°C 84°F Sunny, featuring the Fly Thai logo and contact information: 01-499 9113.

Weekend FT

SECTION II

Weekend July 29/July 30, 1989

IN SOVIET central Asia, an ecological catastrophe is crippling and killing thousands of people in some ways, it is a disaster greater than the nuclear fire at Chernobyl. And without urgent and sympathetic handling by the Kremlin, the pollution-borne plague could become a trigger for a nationalist revolt in the Moslem republics colonised by Russia 100 years ago. It is another grave political test for the beleaguered Mikhail Gorbachev.

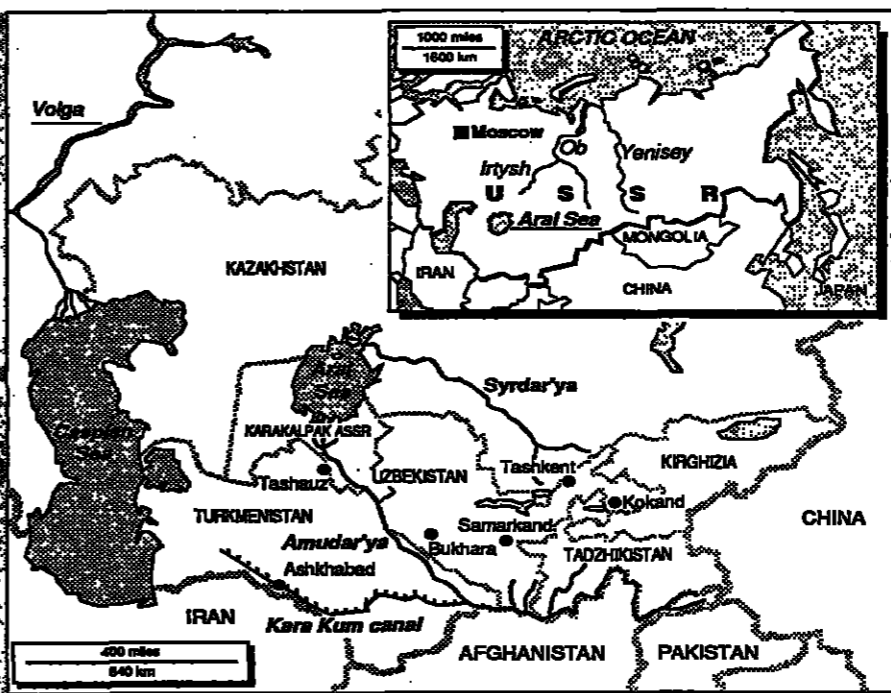
As the true scale of the disaster emerges, uncovered by a newly-impetuous press and emboldened scientists, the central bureaucracy is running out of scapegoats. Although activists in the region have not said so too loudly, it is clear they believe the Soviet system itself is the culprit. The hubris of Moscow's economic planners has brought the masses, visiting death and disease on the people of the region. A member of the state commission for science and technology told me that the worst of the disaster was still to come.

The cause of the catastrophe can be summarised in one word: cotton. For years, huge overuses of chemical fertiliser, pesticides and defoliant have been poured on the cotton fields. The chemicals have seeped into the water supply, poisoning tens of thousands. At the same time, great quantities of water have been siphoned from the region's two main rivers, the Amudarya and the Syr-darya (the Oxus and Jaxartes of classical times), for irrigation. Starved of water, the Aral Sea is disappearing. On the mudflats and behind the millions of tons of salt and chemicals which, picked up by the wind, float in deadly dust-clouds to destroy crops and poison the land for hundreds of miles around. Even the climate of the region has changed. When I asked Oraz Ovezgeldovich, the mild-mannered president of the Academy of Sciences in Ashkhabad, Turkmenistan, to describe the situation, he said it was "very aggressive." A local journalist with whom I spoke used the word "mortal."

In the Karakalpak region bordering the Aral Sea, two-thirds of the people suffer from hepatitis, typhoid or throat cancer, according to an article last month in *Socialist Industry*, an official Communist Party organ. It said 88 per cent of the children had serious illnesses. Andrei Sakharov, the famous physicist and liberated dissident, claimed a few weeks ago that more than half the children living near cotton plantations in Uzbekistan suffer from serious liver complaints and that most of the young men called up for national service are rejected as unfit.

Infant mortality in Soviet central Asia is as much as four times the USSR average, and on a par with the least-developed countries in the world. After years of concealing or fudging the figures, local officials have admitted that the infant death rate ranges from 46 per thousand in Uzbekistan to 58 per thousand in Turkmenistan, which probably has the worst health record in the Soviet Union. In some areas, more than one in 10 of the babies die in their first year - and the rate is increasing. Many are born with hideous deformities. Among people of all ages, cases of infectious hepatitis, jaundice and gastrointestinal disease have multiplied, according to reports in the Soviet national press over the past 18 months. Malnutrition, anaemia and rickets have re-appeared, and there is even talk of leprosy.

Almost more distressing are the reports of a more recent phenomenon. Increasing numbers of young women and girls are committing suicide by pouring oil over themselves and setting themselves alight.



Worse than Chernobyl

Christian Tyler in Turkmenistan uncovers an ecological disaster that threatens Soviet unity

Officials have tried to explain these terrible acts of self-immolation as being the result of "fundamentalist" practices. By that, they mean the pressure on girls to prove their virginity before marriage; to marry a close relative to avoid paying bride-price; to submit to wife-beating; or to have more children than they can manage - in other words, the remnants of a tribal, Moslem society. But that explanation is no longer seen as adequate. Instead, the suicides are being attributed to a life of ceaseless toil in the cotton fields, malnutrition, physical suffering, disease and downright despair.

The plight of the victims of the central plan is made worse by a lack of hospitals, clinics and qualified medical staff to run them. For so long as the real statistics were brushed under the carpet, there was no need for extra provision. But in Turkmenistan today, I discovered, there are special medical teams from Moscow attempting to fight the pollution plague.

A few facts will give some idea of the way in which a fragile terrain of oasis and desert has been abused to satisfy Moscow's demand for raw cotton. Some are taken from an academic anthology of the problem, *The Price of the Plan*, by Patricia Carley, to be published in Britain later this year.

An average of 30 kilos of fertiliser, containing one to two kilos of toxic chemicals, is applied to each hectare of agricultural land each year in the USSR. Up to 600 kilos, containing 30 to 50 kilos of poison, are dumped on central Asia's cotton crop. A powerful and dangerous defoliant called butifos, banned officially in 1983, was still being applied in 1987 "in order to use up supplies." It was outlawed finally after a campaign by the local correspondent of a national paper, *Literaturnaya Gazeta*.

Nearly half the water in the Amudarya river is channelled into the fields of Uzbekistan and Turkmenistan. An engineer I spoke with on the Kara Kum canal - the longest in the world and built with convict labour - said the canal takes 10 per cent of the Amudarya's water. But the engineer, who is in charge of maintenance, seemed to know practically nothing about the ecological tragedy. A top Soviet scientist commented: "That is precisely the problem. Everything has been kept in separate boxes."

In drier years, the Amudarya does not even reach the Aral Sea. The Syr-darya has not really reached it for 18 years. The level of the Aral has fallen by around 15 metres and its area has shrunk by about half in the past 30 years. Fishing villages once on the shore are now between 20 and 50 miles inland. The salinity of the water has risen from 10 to 23 per cent - in some parts, to 44 per cent. Twenty years from now the Aral could be only a small, briny swamp in the middle of a salt and chemical desert.

Eight or nine times a year, a dust storm swirls overhead, dropping 5m tonnes of salt, sand and dust on central Asia. A *Santitas* (clandestine) document sent to Paris described the scene in almost biblical terms: "The sky is covered by a salty curtain, the sun becomes crimson and disappears in the salt dust. In that oblast (province), not one tree grows on the land. The livestock are perishing. The people are also getting sick and dying."

Nature is taking its revenge on man for his monomania - in this case, for his obsessive cultivation of cotton at the expense of almost everything else. So meat, fruit and vegetables as well as drinking water, are in short supply.

Cotton is an important crop in a nation where synthetic fibre production is underdeveloped, and it earns valuable hard currency in export markets. The Russians call it "white gold." Central planners in Moscow no doubt calculated that, by massive irrigation, they could simultaneously develop their backward southern empire, provide enough jobs to keep the indigenous people quiet, and serve the mills of European and Siberian Russia. Almost all the raw cotton is sent north for processing and the five-year plan calls for still more irrigated acres.

Moscow has accused local leaders of ignorance, mismanagement and corruption. President Gorbachev himself has criticised Uzbekistan for squandering water and not pulling its weight. But the intellectuals of the region - especially writers and scientists - are less and less willing to let the citizens of central Asia take all the blame. Increasingly, they imply that the plan itself creates waste and invites corruption among officials trying desperately to hide their failure to meet impossible targets.

The ordinary people in the affected area - about 35m of them - may only now be starting to realise how much cotton-slavery has diminished their lives. They are certainly unhappy about the propaganda which suggests their hardship is their own fault.

The indigenous Moslem population of these republics has been increasing by 3 per cent a year, a rate that terrifies the slow-breeding Slavs to the north. But the suggestion made by officials - that large families are the cause of the region's extraordinary ill-health and water shortage - cannot be sustained for long. Such propaganda makes the work of family planners even harder. It is hard enough to persuade parents that spacing children is a prudent measure and not a discriminatory, undercover way of controlling the increase of minority races in the USSR. (Even if the policy were not controversial, the means are lacking. So scarce are intra-uterine devices, the most acceptable method of birth control to Turkmen women, that they cost 120 roubles on the black market against an official price of 50 kopeks.)

Understanding of the ecological disaster

THE SHEER scale of socialist investment and achievement can be seen by anyone who flies over the region: long lines of collective farms reaching out into the reclaimed land of the desert. But the central planners seem to have been ignorant of the old nomadic proverb: "Water brings life, but also death." Their plan set quantitative targets, not qualitative ones. The result was that fulfilling the quota became an obsession, leading - as *Literaturnaya Gazeta* put it - to "the dictatorship of a single crop." Children are still called out of school to work in the cotton fields and grow up having missed about a third of their education. Probably because the plan provided the wrong incentives, quality and yields started falling earlier this decade. Meanwhile, China emerged as a powerful international competitor.

The Long View Managers too big for their boots

THE BLUE Arrow affair, you will recall, was originally about an attempt to rig the share price of a company which had made an excessively ambitious and expensive takeover bid. Although the tactics of the County NatWest executives involved appear to have been unusually blatant, their objective was conventional enough. Propping up the share price of acquisitive companies by fair means or foul is all part of the services offered by modern investment bankers.

Manipulation of the stock market in this way can be effective for a surprisingly long time. It helps to explain why the market can apparently give entirely the wrong signals about conglomerate-type acquisitions.

Events certainly present a confusing picture. On the one hand, Sir James Goldsmith and his henchman are trying to "unbundle" BAT Industries, claiming that distinct businesses are worth more when they are set free. At the very same time, a company like Boots is trying, through the proposed Ward White takeover, to expand horizontally into sectors of the retail trade about which it knows little or nothing. This, presumably, is the "bundling" process in action.

It takes a fairly cynical view of all this. Most of these deals, whether involving acquisition or break-up, are driven largely by intermediaries seeking huge fees. All that really matters to the investment bankers is that



Barry Rilly
Amid the drama of the Blue Arrow affair, the reasons for the original share price manipulation need to be remembered

(and actually, according to Goldsmith, erodes it), then the bid premium enjoyed by the shareholders of the acquired company should come off the value of the acquirer immediately.

One reason why it usually does not is, as I have pointed out, that the gentlemen of the

City investment banks are paid large sums to arrange support. They are helped by the way the fund managers enjoy the fun and fantasy of the takeover game. Many of them hold both Boots and Ward White. Suddenly, they seem to have been given something for nothing in the shape of a bid premium - reflecting the scope for "synergy" as they used to call it. Why spoil things by selling Boots and driving down its share price?

The more fundamental problem, however, is the clash with management objectives. The more ambitious corporate executive is not content to manage a restricted pool of assets in what could well be a mature business. He wants to expand into more exciting growth sectors; and the fact that his institutional shareholders may have obtained exposure to such opportunities will not help to make him satisfied with managing, for instance, a dull chain of pharmacies.

It all depends on how you view management. You can see it as a service which can be hired easily and combined with trading assets as necessary. Alternatively, you can regard it as a self-standing resource which must constantly be fed new resources and opportunities lest it should decline in quality. Who is the master and who is the servant?

Many managers see shareholders as a tiresome necessity, to be played off against

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*Source ATC

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

SIB axe may be poised over broker bonds

A question mark hangs over the future of broker bonds following the publication of SIB proposals to regulate the marketing of such investment products. Eric Short reports.

What do you do with a windfall?

Getting a windfall is usually welcome. But how can you reap the full benefits if you do fall lucky? Sara Webb finds out what investment advisers would do. Page VI

Expats: beware the property trap

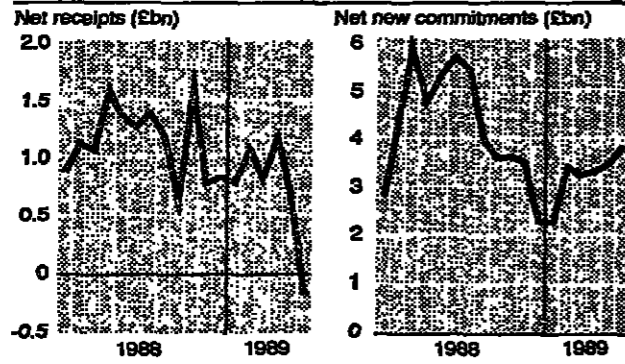
A number of residents who are not domiciled in the UK have used sophisticated planning measures to avoid paying tax on their British properties. But they might find these carefully-laid plans are no longer suitable. Donald Eskin reports. Page VI

Minding your own business

Ray Hodson reports on the growing market for tailor-made computer software for small companies and meets two women running a successful mail-order maternity wear catalogue. Page VII

BRIEFCASE: A false economy: Page VI

Building Societies



Building societies report net outflow of funds

The building societies reported a net outflow of funds to the tune of £153m during June. It was the first time in three years that there was a net outflow of building society savings. Normally there is a drop in investments at this time of year because people take out their money for their holidays. However, in addition to the usual seasonal factors, the building societies witnessed withdrawals from small investors who needed the money for their Abbey National share purchases.

Bonus offer for travellers

Girobank customers who order more than £150 in travellers cheques or foreign currency before September 30 are entitled to a free set of holiday discount vouchers worth more than £50. These entitle you to discounts on Avis car hire abroad, and other holiday outlays such as film processing. Girobank charges 1 per cent commission on travellers cheques and foreign currency orders and has a minimum charge of £2.50. S.W

'Saints' launches four PEPs

Scottish American Investment Company (Saints) is launching a special investment trust PEP that will be managed by Stewart Ivory. It will take advantage of the recent government concession that allows £750 to be invested in non-qualifying investments (overseas shares) and the balance will be spread among UK shares.

Skandia aims for new market

Skandia Life has already decided on the future of its recently acquired company, Framington Life Assurance. It is becoming the base for Skandia's penetration of the fee-based independent financial adviser market. Chief executive Paul Bradshaw takes the view that fee-based advisers will not be confined solely to accountants and solicitors. He believes that the various changes brought about by the financial services regulations will result in the number of IFAs shrinking, but that these advisers left will be far more professional and will be concentrating on higher net worth clients, where paying fees will become the norm.

Pierced to the heart by Blue Arrow

LONDON

SELDOM DO the City and Westminster share the same preoccupation. But this week, the master of whose head was set to roll has absorbed both. For the politicians, the question was prompted by a Cabinet reshuffle - and carried in its wake the partial reassurance that as many careers would be made as broken in the process. For the City, it has been the altogether more distressing and parochial matter of the Blue Arrow scandal. As the fall-out from the Department of Trade and Industry report into the £837m Blue Arrow rights issue two years ago continues, three directors and the chairman of National Westminster Bank...

HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1988 High, 1989 Low. Rows include FT-SE 100 Index, Automated Security, British Gas, Delgaty, Eurotunnel Units, Goldberg (A.), Hickson Int., Jaguar, Lowndes Queensway, Renault, Reuters, STC, Thames TV, UK Paper, WPP.

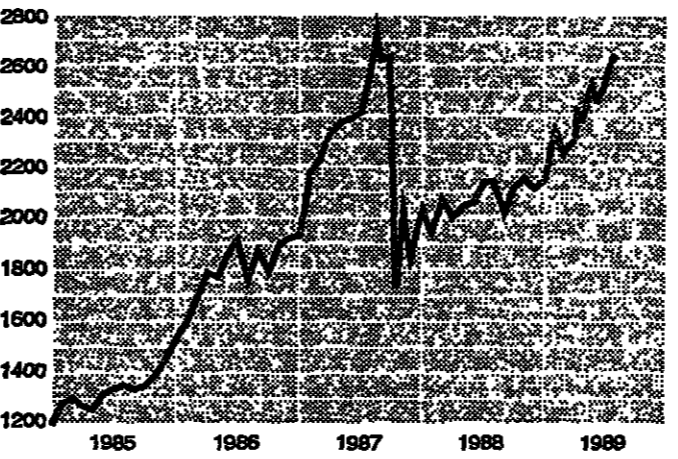
IT TURNED out to be a false alarm. For a few anxious hours in the immediate aftermath of Alan Greenspan's testimony to the US Congress a week ago, it looked as if the Federal Reserve chairman might actually be willing to risk a painful economic downturn in his zeal to subdue inflation. By Tuesday afternoon, it was apparent that no such risk was in sight.

After the edgy talk about recession that had crept into the weekend's economic and financial discussions, the Fed moved decisively to cut interest rates on the thin pretext of a smaller than expected rise in durable goods orders. Ever the bulls were surprised by the alacrity of the central bank's generous action. The July employment figures, due out next Friday, had been pinpointed by most commentators as the earliest plausible opportunity for the Fed to cut rates.

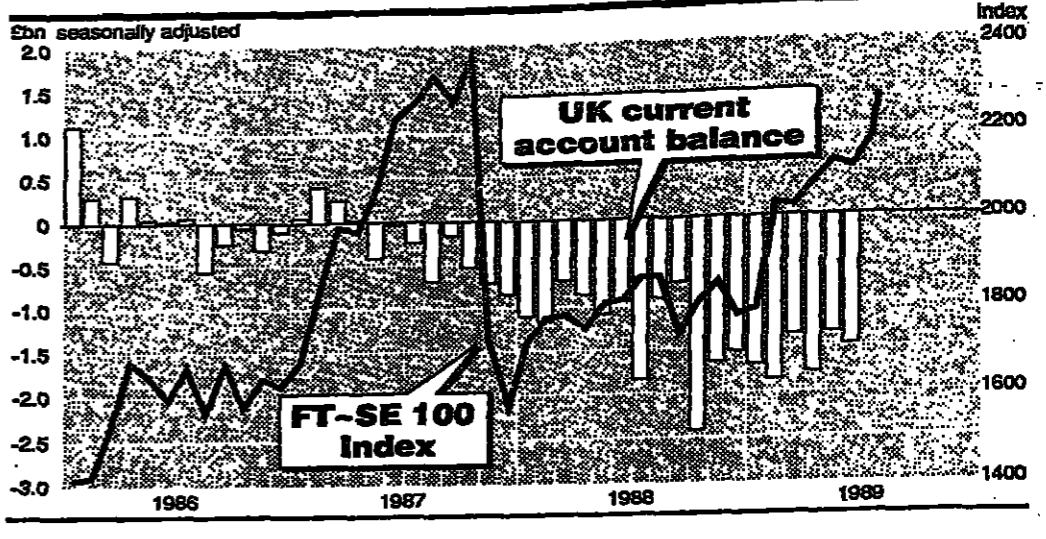
WALL STREET

There's only one way to go

Dow Jones Industrial Averages



its warnings that "policy mistakes could trigger an economic downturn." Injected just enough anxiety into the market's thinking to produce an explosion of relief when the Fed demonstrated on Tuesday that it was really on the market's side after all. On Wednesday this week, as the Fed's easing was confirmed by a sharp fall in money market interest rates, the Standard & Poors 500, the most important index of stock prices used by fund managers in their performance assessments and portfolio allocation models, jumped 4.17 points to a record closing high of 338.05. The previous record, set on August 25 1987, had been 336.77. With that high breached decisively, and a new record set on Thursday, there seems to be only one way to go now for the market's advance.



stage on Thursday, Footsie's gain stretched to 23 points, before being clipped back to 19 points by the close. Pharmaceutical stocks were well to the fore in the wake of another large merger in the industry, this time between Bristol-Myers and Squibb in the US. On Friday, after pausing for breath at lunchtime, Footsie had added another 11.5 points by mid-afternoon and had doubled this by the close.

Whether the mood holds is a moot point, and one which may depend on the extent to which further corporate activity sustains the market. There is certainly a school of thought which believes that, on fundamental grounds, prices look over-generous at present. The level of pay settlements may continue to create concern, and the corporate reporting season could add a sobering note of industrial/economic reality amid the bid hype.

Conversely, there is still a dearth of new issue activity and the picture on the interest rate front does look more reassuring - even if any reductions still are a long way off. In short, then, perhaps some profit-taking lies ahead, but the market may yet be spared a real summer slump.

JUNIOR MARKETS

Let's hear it for Potswood

THE SO-CALLED "silly season" for newspapers is almost upon us, and a mood of holiday levity appears to have spread to the Third Market as well with the launch of a new vehicle for a clutch of children's cartoon characters. Leisure companies may be all the rage, but to be asked to decide whether Potswood the dog and his four young friends, Brainy, Plum, R.T. and The Fizz - never yet exposed to the public eye - will catch on or not is quite another proposition.

Clients of stockbrokers Brewin Dolphin were asked to do just that this week when it priced 7m shares in Sleepy Kids, the company formed to exploit the characters, giving it a market capitalisation of £2m. Summed up by Martin Powell, its creator, as "the ultimate bedtime story," Sleepy Kids will initially be launched via a 26-episode TV series which is poised to go into production in conjunction with Hanna-Barbera, the US company formed by Tom and Jerry and The Flintstones fame.

Despite the similarities, Poddington and Sleepy Kids also differ markedly. Sleepy Kids has committed itself to the US market and to Hanna-Barbera. The argument is that it is to provide out of the placing proceeds a maximum of £1.4m towards the production costs. Apart from the first £250,000 of any revenues generated in the UK, all other revenues from exploitation of the series worldwide will be shared on a 50-50 basis with the US company which will also jointly own the copyright to any new or spin-off characters created during production.

Boots treads carefully as bid doubts surface

HOSTILE BIDS are always combative affairs, but this week one aggressor faced rather more opposition than it had bargained for. Boots, which has offered £800m for Ward White, found that Mercury Asset Management, its largest institutional shareholder, voted against the bid at the meeting held to approve the bid.

Furthermore, there are doubts that Boots has the management skills to cope with such different areas of retailing. Its strengths lie in high street shops boasting a very strong brand name - a rather different proposition from Ward White's out-of-town stores.

Another putative reason for the bid is that Boots' business is throwing off cash and the company might find that it is vulnerable to a takeover itself.

Charles Nicols of Phillips & Drew believes that the shares should be held. He acknowledges that the case for selling the shares in the market has been strengthened by the events of Monday's extraordinary general meeting.

outperformance of the market is over. If Boots succeeds, he reasons, it will be a long time before it can prove that the bid is a success. If it does not succeed, uncertainty may depress Boots' shares as the stock market worries about what target it will next pick upon.

There has been virtually no public information on progress since the company was placed at 20p, have soared to more than 90p; a measure, perhaps, of the determination of the initial shareholders to hold on to them and see the project through.

Both companies emerged out of individuals having good ideas and wanting to hang on to them, rather than take the more usual route of selling out to a publisher or broadcaster as soon as it shows any signs of success.

FINANCE & THE FAMILY

AN ENORMOUS question mark hangs over the future of broker bonds following the publication this week by the Securities and Investments Board (SIB) of its latest proposals to regulate the marketing of such investment products.

The concept of broker bonds looks good on paper. With a broker bond, an adviser has complete discretion to operate a separate fund within a life company which invests in one or more linked funds managed by the company.

The proclaimed advantage of an individual investing in a broker bond, rather than in the managed funds of the life company or in a fund of his own choosing (and doing his own switching), is that the bond will provide investors with a better return. The adviser can provide the necessary investment expertise, and can perform the switching more easily and cheaply than could the individual, by having special arrangements with the life company.

Of course, this expertise and service must be paid for. The charges on broker bonds are higher than for the corresponding managed funds or direct holdings.

There are now more than 3,000 broker funds in operation, run by 50 life companies, with a total value of some £2bn under management. However, both the Department of Trade and Industry and the SIB are concerned deeply about the operation of the bonds and the abuses that have arisen.

The DTI is concerned that advisers and their clients could receive favourable treatment over the terms of the bonds, particularly the creation of units and the prices at which switching deals are made.

Life companies invariably offer broker bond facilities only if the adviser can persuade enough clients to take up and maintain their investment in the bond - and this invariably affects the pricing and the marketing. First, large amounts of money are involved when switching takes place, often representing a substantial part of the underlying fund. As a result, the life company has to buy or sell underlying assets. Yet, many life companies allow switches to be made on historic prices, which

£2bn operation is under threat, reports Eric Short

SIB's axe hovers over broker bonds

sometimes are very old prices. It is not unknown for traditional life companies to use their with-profits fund as a parking lot for units in the funds involved in broker bonds, so as to avoid awkward price movements. Such situations provide investors in broker bonds with favourable treatment at the expense of other people who have invested their money with the life company concerned.

Section 31A of the 1982 Insurance Companies Act already requires insurance companies to make sure that transactions affecting assets of the company do not operate unfairly between the different funds. However, the DTI proposes to strengthen this section with

Both the DTI and SIB are concerned about the abuses that have arisen

new regulations. These will require that:
■ The dealing price should be based on underlying values that are not more than two hours old. If the market is moving or has moved significantly since the valuation, then a new price must be calculated before making a switch or deal.
■ If a transaction would result in the fund having to buy or sell assets, then the sale price must be either the bid price (if selling is involved) or the offer price (if buying is involved).
■ Managers of these funds should determine the required level of liquidity so that the need to create or cancel large numbers of units does not result in forced buying or selling of assets.

Neither a with-profits fund, nor a linked managed fund run by the life companies, should accept or sell units of a particular linked fund unless the investment manager considers that such transactions would be in the best interests of the with-profits or managed funds concerned.

Such internal dealings should be made on the basis of pre-determined criteria that are fair, clear and objective. These requirements prevent the life company from using the with-profits or managed fund as a box for units in its other linked funds, and directors would be required to certify in the annual accounts of the life companies that these arrangements had been complied with.

Life companies are unlikely to argue over the principles of these proposals. Indeed, for many companies it will make no difference to existing practice, except for the annual certification. The DTI is, however, also concerned about poor investment decisions that could arise because the financial adviser (or whoever is delegated to handle the broker bonds) does not have sufficient investment competence.

Although checking the competence of advisers falls within the field of the financial regulatory organisation - usually Fimra (the Financial Intermediaries, Managers and Brokers Regulatory Association), the DTI nevertheless considers that this does not absolve the life company when it comes to satisfying itself as to the competence of any adviser or nominee. However, it is difficult to see how a life company can reject - allegedly for not having the required competence - any person who is authorised under the financial services regulatory system.

The DTI's proposals in themselves will not bring about the demise of broker bonds - that threat comes from the SIB where officials have never hidden their disquiet over the whole concept of such bonds because of the lack of transparency and accountability. In particular, the SIB feels there is a conflict of interest when an independent adviser claims to be impartial and then offers an investment which he manages, and from which he derives an income on account of the management service provided.

The SIB admits freely that previous attempts to make sure that investors at least



knew what they were getting from broker bonds, and what it was costing them, did not succeed. Advisers and life companies have been successful in avoiding disclosure of charges in a form that the client can understand - particularly when it comes to renewal charges. This makes it difficult for an investor to judge whether he is getting value for money from a broker bond.

So, the SIB now is attacking broker bonds on the grounds that they do not in general "add value" to the underlying life funds; thus, financial advisers who recommend broker bonds are not necessarily offering the best advice.

The SIB claims that it has undertaken an in-depth analysis of broker bond performance which shows that, in general, they have not outperformed the managed fund of the life company. This analysis is in keeping with other performance investigations on broker bonds. Given the importance of this subject, however, the SIB should publish details of its analysis and not just state the fact.

The SIB also attacks the other points put forward in support of broker bonds - the provision of a personal service and of a cheap and simple means of switching funds - and questions whether advisers themselves have the necessary investment expertise and

resources to make the informed judgments necessary for picking and switching the investments. If the adviser does employ an investment expert, the SIB argues that the client is no longer dealing with the adviser but with a nominee who he has never met and with whom he has not discussed his investments.

The SIB concludes: "In the light of experience to date, the board finds it difficult to assess what role, if any, broker funds can validly play within the investment scene given that they can involve investors being advised to assume the certainty of extra expense against the likely no prospect of commensurate benefit."

So what does the SIB suggest? Its proposals are set out in some very obscure wording which could be interpreted in rather different ways. However, it would appear that:

■ Advisers promoting all new broker funds, or investing new money in existing funds, will have to justify that they have acted impartially and provided the best advice.
■ Advisers claiming to be broker fund managers must prove to the regulators that they are behaving as managers and have the expertise and resources to do so.
■ Managers of existing broker funds would become the responsibility of the life company or unit trust manager.
■ Life companies and unit trust groups will have to satisfy themselves as to the suitability of advisers appointed as managers.

A life company will no longer be able to promote broker bond-type funds to all and sundry. The SIB's document states that rules will be included or amended to bring about these controls.

But the inescapable conclusion is that the rules will be so onerous that it will cease to be worthwhile to operate broker funds - unless life companies and advisers can demonstrate that broker bonds are justified (they have until October 14 to submit their comments).

This action seems draconian - on a par with reducing road accidents by banning motor cars. But while there is little doubt that the operation of broker funds needs to be improved, there are some good funds in operation which have given clients value for money. These should not be killed off because of the bad ones.

"Broker Funds and Broker Unit Trusts: Consultative Paper No 26, available from the Securities and Investment Board, 3 Royal Exchange Buildings, London EC3V 3NL. Price £10.

Barry Riley on a life office's bid to demutualise Britannia rules at FS

A 64-PAGE document thudded this week onto the desks of the 34,000 voting members of FS Assurance, the small Scottish mutual life office which is seeking to demutualise and become the life assurance and unit trust arm of the Britannia Building Society.

Compared with the demutualisation of the Abbey National Building Society, which had some 5m members, this is a tiny affair. Nevertheless, it has considerable potential importance as a precedent for what might be some much bigger life office demutualisations in the next year or two.

Some differences in principle compared with Abbey National are obvious. Abbey adopted the approach that all members should get the same free issue of 100 shares regardless of the size of their investment. FS is taking the less equitable line that policyholders should be compensated in proportion to their assets in the company.

Remember, however, that there is no question of FS or even much larger life offices opting for a separate stock market listing like Abbey National. FS is being acquired, so compensation for loss of mutual rights will have to be in the form of cash.

The exact form of this compensation is, however, as obscure as you might expect from a typical life office, where business is run according to impenetrable actuarial rules. The relatively simple part is that £1.75m, representing the good-will value of FS, is being credited as a special bonus for with-profits policyholders.

The value will vary from policy to policy. But, as an example, a £20,000 policy begun in 1980 would qualify for a special bonus of £537. However, the average special bonus over all the 46,000 with-profits policies (some members have more than one) would seem to be only £38. It will be received on maturity of the policies.

The larger, but less easily understood, element of the compensation which Britannia is paying is £12.25m representing the so-called "embedded value" of the FS business being transferred to the new company, Britannia Life, which (it is hoped) will start

business at the beginning of 1990. This amounts to £266 per policy on average although, again, the amount will vary.

This sum of £12.25m will be mixed up initially with the general asset pool of Britannia Life because, otherwise, the building society would have to pump substantial extra sums into the new life office in order to bolster its solvency during what is likely to be a period of rapid growth. However, it is claimed that, according to a mysterious formula, the appropriate share of assets will be credited eventually to individual FS policyholders.

The gap this leaves progressively in Britannia Life's capital will in due course have to be plugged by a further injection from the society. But Britannia Building Society's chief executive, Michael Shaw, suggested this week that no new capital would be required for at least five years.

Policyholders will be compensated in proportion to assets in the company

Shaw has given certain assurances about this future availability of capital. On this basis an independent actuary, Alex Shelden, has been prepared to conclude that future bonus prospects of FS policyholders will, if anything, be improved compared with the alternative of FS staying independent, though, because unless Britannia Life maintains a large surplus, its ability to invest in equities - which are more risky but give higher returns over the long term - will be impaired.

The main defence against a future cheese-paring approach by the new owners will be that the Britannia Building Society that it should be able to make its £12.25m work twice over, once as compensation to FS policyholders and again as part of the capital resources of its new subsidiary, Britannia Life.

But it would have been a great deal easier to understand if the whole compensation had been paid over as a special bonus so that the books could have been squared off properly on December 31.

whatever repayment plan they are offered.

What are the alternatives to the Britannia deal? FS has made clear already that the prospect of soldiering on alone would be grim.

As a drastic response, FS could shut down its new business side and turn itself into a closed fund. This would involve redundancy costs and might well demoralise the remaining management. In theory, some recent with-profits policyholders with the longest future contract terms might eventually do very well, because they would scoop the pool of assets. In the meantime, though, the managers would face a headache in balancing the interests of policyholders with contracts maturing in the near future, and those holding plans with a long time to run. The temptation would be to keep something back for a rainy day, which would reward unduly the final few policyholders.

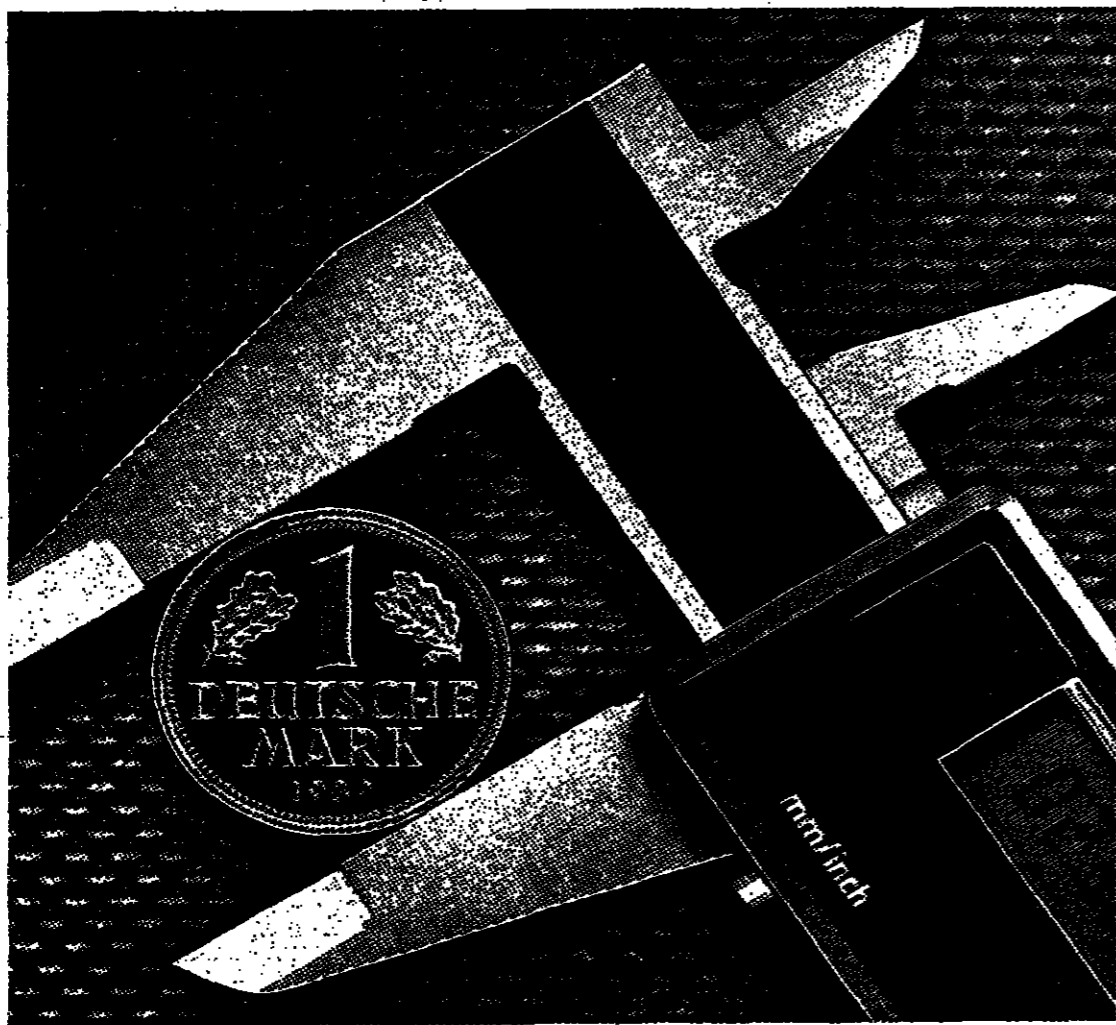
Shelden agrees broadly with this analysis. He thinks it might cost £2.5m to close the fund; and a shift to a more safety-first investment policy, with a lower proportion of equities in the portfolio, would cut the gross return by 1/2 per cent a year. This might not sound much but would be enough to reduce the surplus in the fund by between £4m-£5m.

So, he concludes that, in general, FS policyholders will have a more secure and certain future under the scheme, to which they are asked to give their proxy approval by August 14 in time for an extraordinary general meeting two days later in Glasgow.

That is the actuarial view. But non-actuaries will be disappointed that the form of the compensation for loss of mutuality is so unclear. Obviously, it is highly convenient for the Britannia Building Society that it should be able to make its £12.25m work twice over, once as compensation to FS policyholders and again as part of the capital resources of its new subsidiary, Britannia Life.

But it would have been a great deal easier to understand if the whole compensation had been paid over as a special bonus so that the books could have been squared off properly on December 31.

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FINANCE & THE FAMILY

THE WEEK AHEAD

Big banks are taken to account

DISGRACE, in one case, and dismal stock market performance all round mark the calling cards of Britain's clearing banks at the moment.

Share prices in the sector have been trading water since Norrie Morrison and Graeme Moyses of Kleinwort Benson Research published their preview of the interim season ten days ago.

Chris Wheeler, Robert Law and Rodney Schwartz of Shearson Lehman Hutton have upgraded their estimates for Midland, due on Thursday. They believe that it will produce half year profits of £370m, before LDC provisions, and £328m afterwards against the £313m reported at this stage last year.

RESULTS DUE. Table with columns: Company, Announcement date, Dividend (p), Last year, This year. Includes companies like Abbey, BSB Design Group, Border Television, etc.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table of interest rates for various products. Columns: Quoted rate %, Compounded return for taxpayers at 25%, 40%, Frequency of payment, Tax (see notes), Amount invested (£), Withdrawal (days).

Abbey: how to do it right

ABBNEY NATIONAL has done its competitors a huge favour. The next building society to go for flotation can benefit from the fact that Abbey National's advisers succeeded in clarifying many of the legal issues - and they can certainly learn from Abbey's mistakes.

PRELIMINARY RESULTS

Table of preliminary results for various companies. Columns: Company, Year, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p).

INTERIM STATEMENTS

Table of interim statements for various companies. Columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p).

IN THE NEWS

GOVETT UK SMALL COMPANIES FUND. You don't have to be a big name to make big profits. Includes photos of Laurie Lewis and Andrew Nichols.

DWS, the unit trust arm of Deutsche Bank, launched three of its unit trusts in London this week in an attempt to break into the UK market.

MERCURY Fund Managers. Thanks to the success of companies like these, investors would have more than quadrupled their money over the last five years! Includes performance chart and contact information for John Govett.

RIGHTS ISSUES

Automated Security Holdings is to raise £22.9m via a one-for-three rights issue at 20p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Sleepy Kids is to join the Third Market via a placing of 7m shares at 20p.

COMPANY NEWS SUMMARY

Table of company news summaries. Columns: Company, Value of bid for, Market price, Price before bid, Value of bid, Bidder.

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FINANCE & THE FAMILY

Warrants: risky but arresting

INVESTORS in the London stock market have seen a flood of share warrants issued recently for several companies, including such well-known names as Hanson, Cable & Wireless, Allied Lyons and Rascal Electronics. But are warrants the sort of financial instrument on which private investors should risk cash?

Warrants give you the right to buy a share at a stated (or strike) price within a time limit. By purchasing one, you bet that the price of the underlying stock will rise past the value of the strike price, added to the cost of the warrant, within the specified time period. A warrant is like a traded option but with an expiry date of up to three years ahead. In theory, it is tradeable and exercisable at any time until the expiry date.

Private investors need to take care, warns Daniel Green

to be involved and claim that retail stockbrokers have shown an interest in the issues. The advantage with warrants is that investors can buy a potential stake in a company for an outlay reduced greatly when compared with buying the actual shares. The capital released is, therefore, free to earn money elsewhere; for example, in a low-risk, interest-bearing account. The maximum loss on a warrant, as with an option, is the price paid for it. The investor would never be exercised.

He also points out that the risks are higher. Companies have issued warrants for their own shares for many years. Covered warrants are issued by a third party and, in theory, are "covered" by purchases in the market. There is the (admittedly small) chance that things could go wrong at the issuer's end. The business could hit hard times, management priorities could change or liquidity could fall, making it more expensive to trade or exercise the warrants.

Beware cracks

THIS YEAR'S long, hot summer is evoking memories of - and comparisons with - the summer of 1976. But such recollections are enough to send shivers down the spine of many a claims manager at the insurance companies. For the prolonged drought 13 years ago cost the UK insurance industry £800m in subsidence claims.

insert wedges and measure the cracks, running up a bill in the process. If it turns out that there is subsidence, the cost of employing such a consultant can be included in the insurance claim. But if the cracks are thermal, then there is no subsidence claim and the householder has to meet the bill himself.



It was a gradual process and many people were not aware of the problem until long after the summer was over. By this time, it had begun to rain once more. And this aggravated matters because, as the ground became wet again, it expanded and heaved. Sometimes, this caused the cracks to close. But if the rain led to settlement of the earth, they tended to widen.

COMPANY directors and employees whose pay fluctuates because they receive profit-related bonuses may be hit by changes made in this year's Budget. They could face double taxation on their payments. All employees including directors, whether on fixed or flexible pay, are chargeable to tax under Schedule E. This is collected by the employer under PAYE (Pay As You Earn). According to the old rules (with which everyone appeared to be happy), there was no distinction between the year in which payments were earned and the year in which they were assessed to tax: everyone was taxed on their payments when they were earned.

New rules hit directors and employees, says Caroline Garnham Double-tax blow on bonuses

an unknown amount. To overcome this problem, the Revenue devised a system called the "accounts basis of liability." Remuneration for a particular year under this system was assessed on the income earned for the commercial year ending in the fiscal year. For example, in Commercial Year One to October 5, Mr X receives a bonus of £40,000. In Year Two a bonus of £80,000, and in Year Three a bonus of £80,000.

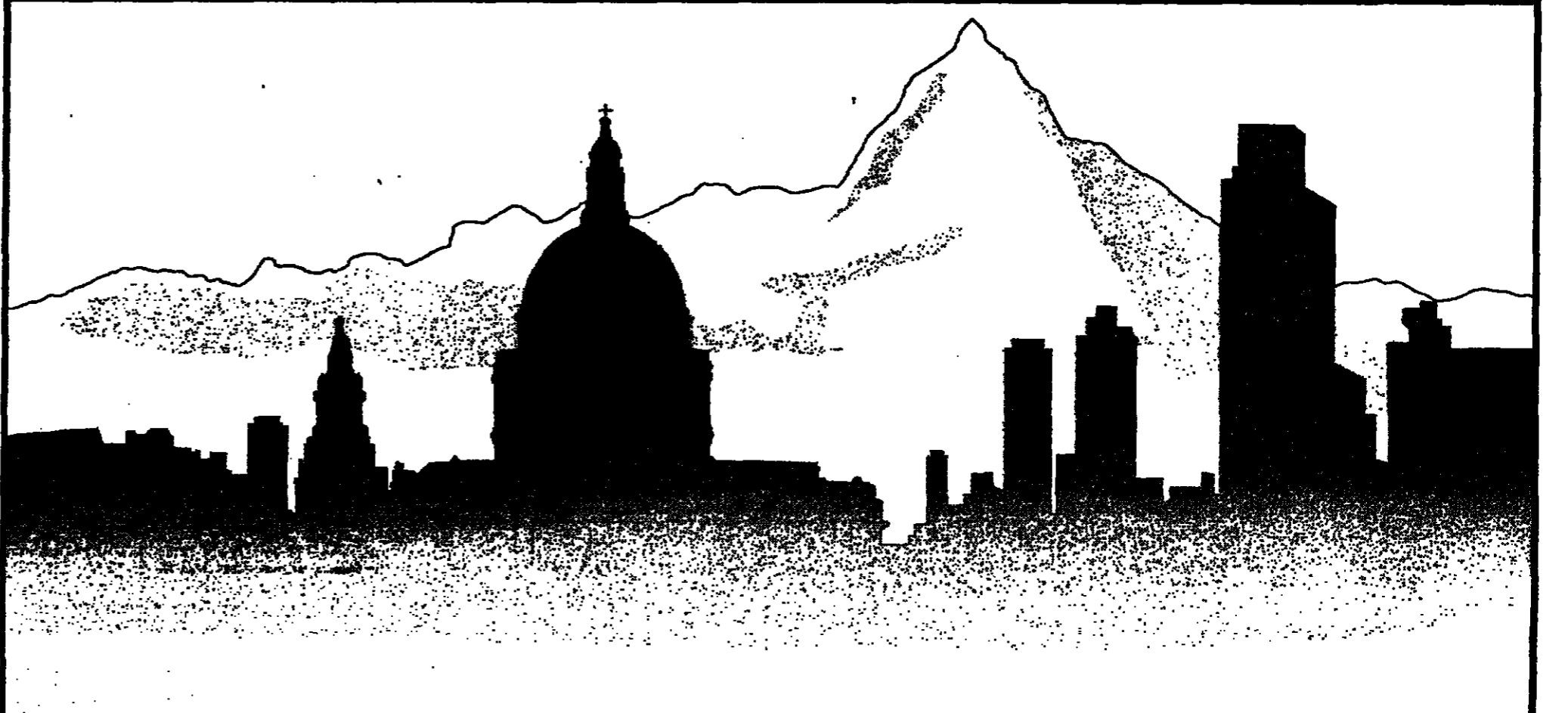
year, and £40,000 earned in that fiscal year would be carried forward together with the additional £40,000 to be taxed in the next fiscal year. The double taxation (of £30,000 in the case of Mr X) usually was acceptable on the basis that a compensating saving could be made when the system was dismantled or remuneration changed to a fixed basis, or the employee retired or moved jobs.



Norman Lamont: rejected arguments put to the Revenue to April 5, 1989, and paid out before April 5, 1989, will be tax-free. All income earned during this period and paid out after April 5, 1989, will be charged to tax for the year ending 1989/90.

tax when they started the system deserve equal compensation when the system is stopped. But Norman Lamont, the Treasury Secretary at the time, disagreed. He claims: "It would not be easy to derive simple and equitable rules which balance the doubly taxed income against income which falls out of assessment under the present much lower tax rates."

which it was earned, provided it is received by April 6, 1991, and a claim is made. However, if no valid claim is made or the income is not received before that date, no relief will be given for the tax already paid - it will be too late. The relief also has a knock-on effect to the level of income for 1988/89. This is important in working out what premiums should be paid under retirement annuity contracts and personal pension plans in the current fiscal year to be carried back to the previous year. Similarly it will affect the investment in the business expansion scheme for this year, which could be carried back to last year. You might not have earned what you thought you had for 1988/89!



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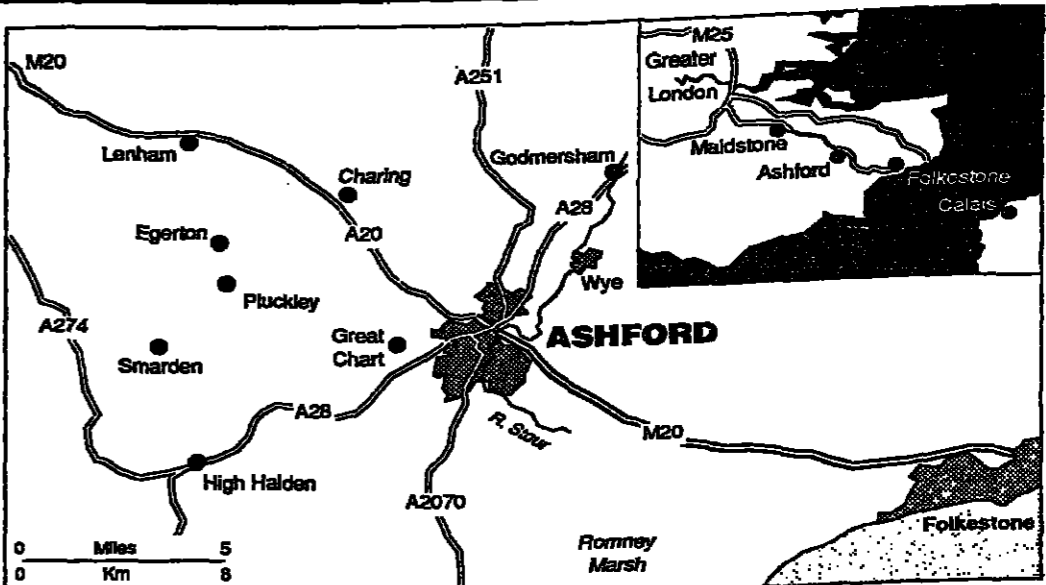
The boom town on Europe's doorstep

THE TOWN of Ashford in Kent is due to lose its backwoods status when the Channel tunnel opens in 1993. Overnight, it will become the doorstep to Europe, with Paris around two hours away and London just 35 minutes when the high-speed train link arrives.



THE HALO EFFECT

needed to house them is only just beginning. Council and population are united in a determination not to let control slip from their hands or to allow the environment of this beautiful countryside to be compromised.



east and west of Ashford, beware the high-speed rail corridor and, to the west, the M20 extension. Local agents have copies of the latest BR maps, and GA Property Services, with regular newsletters on the ramifications of the link, is particularly helpful.

Carrie Segrave reports on how Ashford in Kent is cashing in on improved road and rail links

local Kentish house styles, jumbled together on twisty, village streets with varying degrees of success. The effect ranges from toy-town to very attractive. Great strides have been made in landscaping and creating a proper community with shops, doctors, pubs and playgrounds.

prices would buy you homes on Townscape's Chartfields Hamlet, about 1 1/4 miles from Ashford at Great Chart. Black Colyer lists a detached four-bedroom weatherboard home here, with matching garage and a swimming pool, at £169,950.

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ORKNEY ISLANDS Superior House in Kirkwall

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COUNTRY PROPERTY LAKE CURBISH. Superior House in Kirkwall CUMBRIA 7 miles - Lake District National Park

COUNTRY PROPERTY

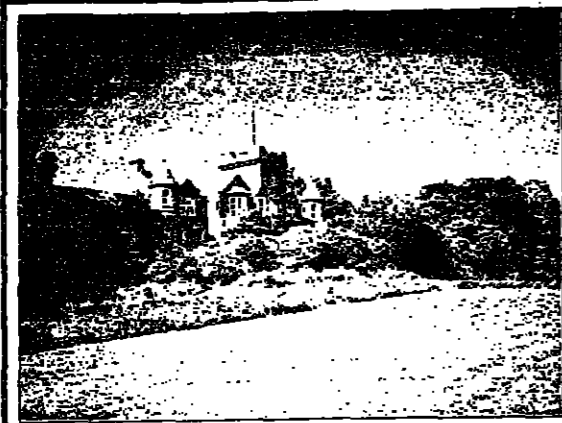
UK Offices

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Kinross-shire
Edinburgh 28 miles. Glenisles 10 miles.
An outstanding residential estate set in the hills and south facing with wonderful views

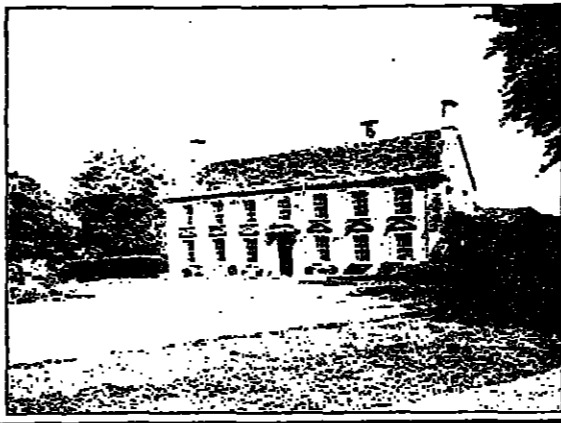
A peaceful and secluded Edwardian house in the Scots Baronial style. Renovated 3 bedroomed cottage. Stable block. Wooded grounds. Feral and wild gardens. 7 acre trout loch with thatched boathouse.

About 40 acres
Co-ownership of adjoining 100 acre wood. Long term shooting lease over about 1,700 acres of woodland and hill.
Joint Agents: Brodie 031-228 3777 and Knight Frank & Rutley, Edinburgh 031-225 7105 (FWLJ0222)

Somerset/Wiltshire Border
Bristol 1 mile. Bath 26 miles. London 112 miles.
An historic residential estate

Elegant listed Grade II* manor house with banqueting hall, 4 reception rooms and 6/9 bedrooms. Beautiful parkland and grounds. Secondary house. Three cottages. Excellent 170 cow dairy unit. Milk quota of 880,000 litres.

About 485 acres
As a whole or in 2 lots.
Apply: Sherborne (0331) 812336 or London 01-629 8171 (FWLJ0222)



Fife
Aberdour 1 1/2 miles. Edinburgh 18 miles.
An exceptional Scottish tower house, with breathtaking views across the Firth of Forth to Edinburgh

Built in the traditional style earlier than century with very close attention to detail.
4 reception rooms, potential for 5 bedrooms, 2 bathrooms.

Woodland garden with established shrubs and mature trees.
About 2 acres
Apply: Edinburgh 031 225 7105 (FWLJ0222)



Berkshire
Yattendon 1/2 mile. Newbury 8 miles. Reading 12 miles. M4 (Junction 13) 4 miles & (Junction 12) 10 miles.
A delightful early Georgian house

Reception hall, 4 reception rooms, cellar, 8 bedrooms (including staff flat), 6 bathrooms. Cottage & bungalow. Fine lawn. Heated swimming pool. Garaging. Stabling. Gardens & grounds, including 3 paddocks.

About 11 1/4 acres
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About 2 acres
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Wiltshire Pewsey (Paddington 1 hour) 4 miles, Andover (Waterloo 1 hour) 18 miles, M4 J14 (Hungerford) 21 miles, M3 J8 (Andover) 27 miles.



An exceptional Grade II Listed house in excellent order. 3 reception rooms, 4 bedrooms, 2 bathrooms, cloakroom, kitchen. Oil central heating. Garaging, outbuildings and attic room suitable for conversion. Large garden.

Price on application.
Details: Pewsey Office, Tel: (0672) 63265 15652/LJW

Devon Dartmoor National Park Lustleigh 1 mile, Exeter 20 miles.



A most delightful period residence together with fine detached cottage in a most beautiful secluded mature garden on the southern side of the Dartmoor National Park.

Main House: 2 reception rooms, 4 bedrooms, en suite bathroom and second bathroom, cloakroom, large kitchen/breakfast room, utility room, central heating.

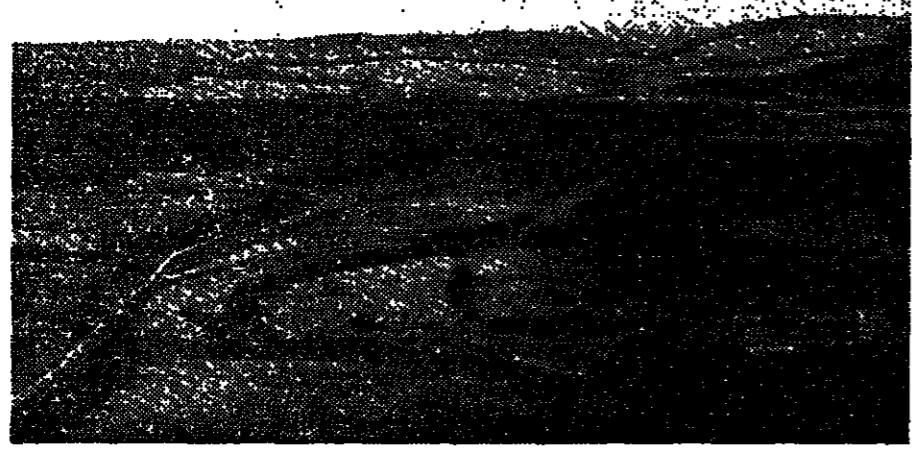
Cottage: sitting room, study, 3 bedrooms, bathroom, kitchen/breakfast room, central heating. Garage.
3 acres magnificent grounds. Stream, pond, Ash House.
Details: Exeter Office, Tel: (0392) 211555 241178/HCS

London Office: Humberts, Chartered Surveyors, 25 Grosvenor Street, London W1X 9PE, Telex: 27444
01-629 6700

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Home farm - farmhouse with 4 bedrooms, good farmbuildings, cottage - 265 acres. Pig walk with dungaree. Woodland - 98 acres. Shooting rights with keepers cottage and rearing field - 3240 acres. All with recent possession. Tenanted farms - 3 let farms, principally Grade 2, industrial site. All let and producing £35,000. Auction on September 15th 1989 as a whole or in 10 lots (unless previously sold). Joint agents: Oswald Lister & Son Hampsthwaite Harrogate Tel: (0423) 770232. Strutt & Parker Harrogate Office: Tel: (0423) 561274 Ref: 10481337



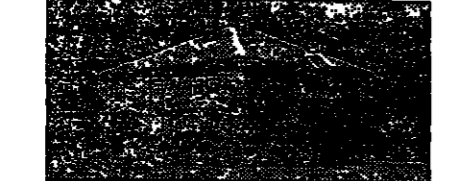
SURREY Westcott. Dorking 1 1/2 miles.
A converted Victorian Observatory set in wooded grounds with southern views across lake. Construction of a new dwelling with scope for substantial expansion subject to obtaining the Planning Permission. Hall, 2 reception rooms, 3 bedrooms, bathroom. Gardens and grounds. About 12 acres. Region £300,000
London office: Tel: 01-629 7282 Ref: 1GH1268



ESSEX/SUFFOLK border-Dedham. 6 miles Colchester. A fine Grade II Listed 15/16th Century house in elevated position just outside the village enjoying views over Dedham Vale. 2 reception rooms, study, family room. 4/5 beds, 2 baths, useful garaging and workshop facilities. Established garden and young orchard extending to about 1 acre. Excess of £350,000.
Ipswich office: Tel: (0473) 214841. Ref: 546122

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Drawing room, dining room, morning room, study and kitchen. 7 bedrooms and 2 bathrooms. Superb mature sheltered gardens and paddock. About 4 acres.
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190 High Street, Newmarket, Suffolk. (0638) 661122
Contact: Bidwells, Guyer or John Bidler

Jackson-Stops & Staff



Devon
Manshead, Exeter 10 miles. M5 8 miles.
A superb south facing country house with magnificent views over the Eze estuary, and in its own parkland. 4 reception rooms, 5 bedrooms, 3 bathrooms, 1 en suite with dressing room. Integral indoor heated swimming pool with sauna and solarium. Garages and stables. Permanent caravan. Modern farm buildings and stock handling complex. Railed paddocks and woodland. In all about 160 acres.
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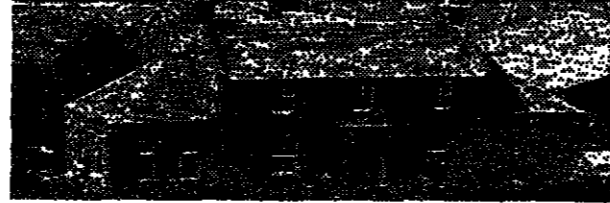
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CLUTTONS

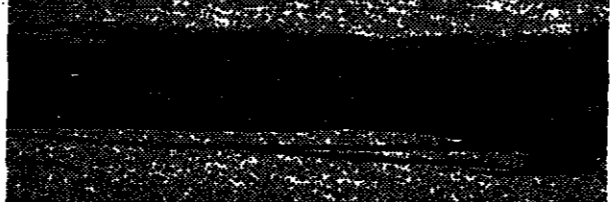
FIFE

Edinburgh 40 miles. Dundee 14 miles. Perth 14 miles.



An outstanding Agricultural Estate on the southern banks of the Firth of Tay. Attractive small country house in an exceptional location. Two well equipped Lac Arable Farms with two farmhouses and 8 cottages yielding a rental income of £19,865 per annum. 150 acres mixed woodland. 697 Acres. For Sale as a Whole or in 5 Lots. Edinburgh Office. Tel: (011) 225 8602

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PROPERTY IN KENT

CLUTTONS

KENT
BETHERSDEN

Ashford 4 miles (Charing Cross 1 hour). A20/M20 5 miles. About 9 Acres



An outstanding Grade II early 18th Century house standing in open farmland. Reception hall, paneled study, drawing room, dining room, 7 bedrooms, 3 bathrooms. Double garage. Stables. All weather tennis court. Country house gardens and paddocks. Price Guide: £575,000 Folkestone Office. Tel: (01303) 850422

KENT

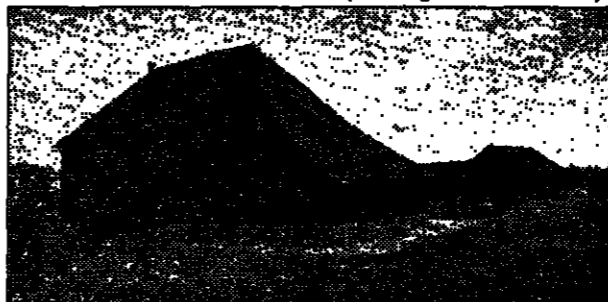
Ashford 7 miles (Charing Cross 1 hour). Folkestone 8 miles.



A secluded early 18th Century house with later additions. Ideal for equestrian pursuits. Drawing room, study, dining room, morning room, pretty conservatory, farmhouse kitchen complex, 7 bedrooms, 3 bathrooms, staff/granny annex. Swimming pool. 4 brick stable and tack room. Country gardens and sheltered paddocks. About 8 Acres. Price Guide: £500,000 Folkestone Office. Tel: (01303) 850422

KENT
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Maidstone 7 miles. Marden 3 miles (Charing Cross 55 minutes).



A fine barn conversion creating great character with exposed timbers. An ideal family home with equestrian facilities. Hall, drawing room, dining room, study, 4 bedrooms, 2 bathrooms, large kitchen, utility, double garage. Range of 5 stables. Gardens and paddocks. Approx. 1.5 Acres. Price Guide: £350,000 Folkestone Office. Tel: (01303) 850422

KENT

Paddock Wood 6 miles (Charing Cross 50 minutes). Maidstone 9 miles.



The ultimate in a quality barn conversion in surroundings where peace and quiet are of the essence. Hall, recreation hall, large L-shaped living room, quality kitchen with duane area, utility, 4 bedrooms, galleried dressing area, 2 bathrooms, galleried study/playroom, central heating and double glazing. Double garage. Gardens and orchard of about 1.5 Acres. Price Guide: £350,000 Folkestone Office. Tel: (01303) 850422

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- Leisure complex.
- Fully fitted kitchens & bathrooms.
- 24 hour site security.
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A unique and delightful 6-bedroom waterfront villa on the Costa Smeralda. Set in landscaped gardens with terraces ideal for private and relaxed indoor and outdoor entertaining. Ref: 1840003

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15 minutes from Nice, on the hillside above the medieval village of St. Paul de Venise, is this elegant Florentine style stone house with marvellous views. Marble floors, garden with antique sculptures, heated swimming pool. Ref: 1830006

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Crown Lodge can be found at Brompton Cross in the heart of Chelsea, one of the most fashionable areas of London. It has been designed on a grand scale producing a new style for living in Chelsea.

- Prime location close to the West End nightlife and shopping of Knightsbridge and Chelsea
- An acre of landscaped gardens with water features, fountains and flower hung walkways
- Superb swimming pool and leisure complex with gym, sauna and whirlpool spa
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WEST END

Macready House is set in a charming "village like" location in the heart of the West End. An ideal proposition as a London base, a company flat or for active London living.

- Spacious living in stylish surroundings
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- 24 hour portage and sophisticated entry system
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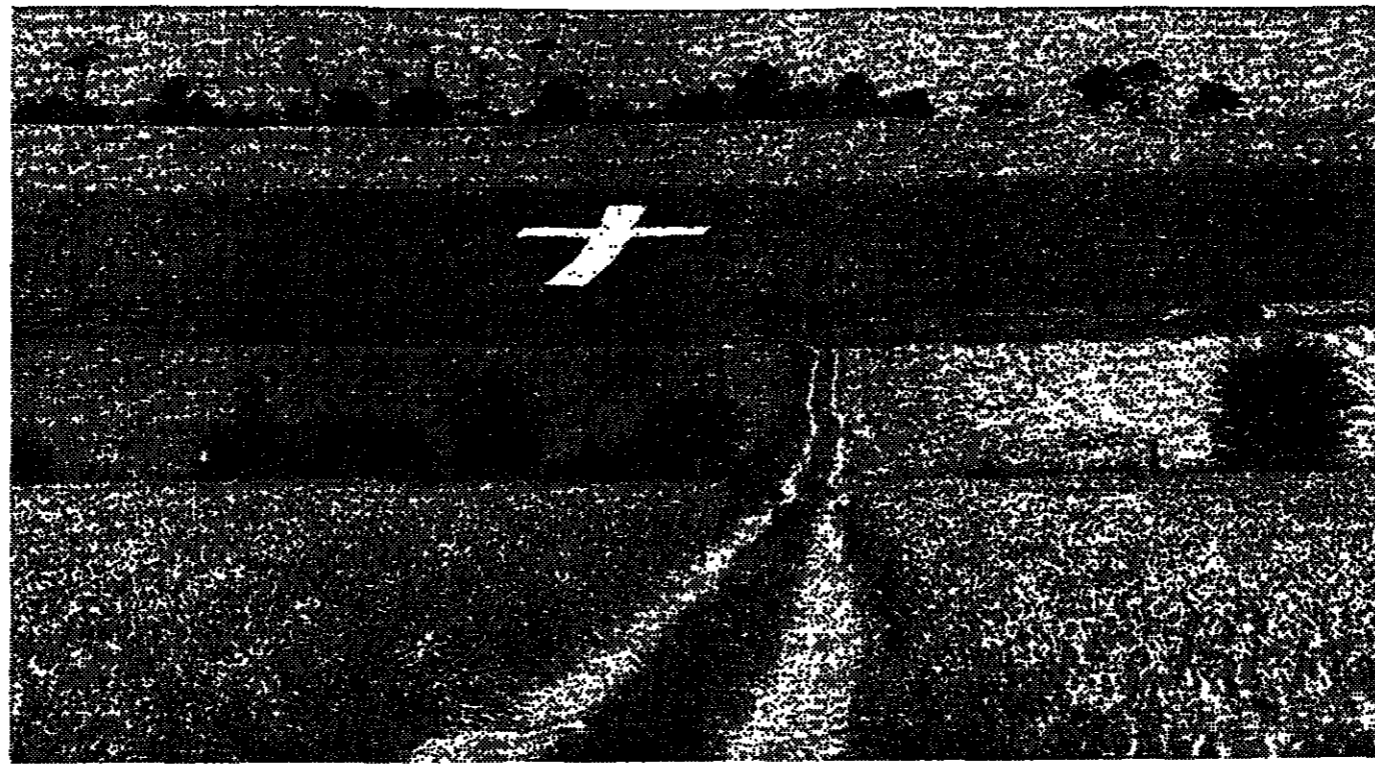
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MACREADY HOUSE
WEST END

TRAVEL

Merrie England
Dover for rovers

TRAFFIC ON the Dover road never ceases. As you cut your way through the back reaches of south-east London towards the M2, dawn is signalled in the headlights of the juggernauts lumbering their way up from the ferry.



Downland dreams: a commemorative cross carved in the North Downs chalk near Lenham, Kent

villages, with its flint and ragstone church, mediaeval houses and coaching inns. It could be nowhere else but England. Further up at Wye, on the Great Stour, the crest of the Downs rises to above 500 ft, with rolling views on either side.

Home-bound ferry passengers who rush back to London on the motorways are missing some of our prettiest villages, says Roger Beard

Pilgrims' Way is another stunner, the linked villages of Boughton Aluph and Boughton Lees. Harold Godwinson once owned the land before they laid out the triangular village green and cricket pitch, and a bastard son of Richard the Third - the last Plantagenet - is said to be buried nearby, having worked out his post-Bosworth Field days as a brick-layer. Who said that the French have all the history?

The nearer you get to London, the greater must be your ingenuity in avoiding the motorway, nowhere more so than at Wrotham, sandwiched between the M20 and M25 and in a triangle bounded to the west by yet a third motorway, the M25. Wrotham is a pretty place in its hollow under Wrotham Hill, set deep in the heart of commuter land, but the road builders have taken away its magic.

Centers of excellence

John Griffiths on a holiday camp run with Continental flair

IT BEGAN with the grim acceptance that even the nicest small child has the cultural appetite of a gerbil, and travels about as well as a dubious cru from Algeria. Florence and four-year-olds do not mix. An odyssey of cries around the pool complex, although to talk of the parc having a "pool" is to describe Brighton Pavilion as a bathing hut.

But then, in their defence, only the British have had the term "holiday camp" burned into their collective psyche, with its horrific images of nudism and regimentation. It is a reaction we have encountered frequently in trying to explain that a Center Parc "isn't like that," and in being prepared to bet that at the time the first Center Parc is built in the UK in the mid-1950s the second, 870m centre is to become operational in Elveden Forest, Norfolk, next week - they will be as much a part of mainstream British life as they are of the Dutch, who have had 22 years to get used to them, and of other Europeans, more than 2m of whom use Center Parc each year.



We first went to a Center Parc, in Holland, four years ago, fearing the worst and finding instead a children's heaven which also required no parental grating of teeth. Yet when we heard that it was intended to open one in Sherwood Forest in 1987, we were convinced that it wouldn't work, for all the depressing reasons linked to much of the UK holiday industry's determination to out-serve standards that suit itself rather than its customers.

TRAVEL BUSINESS
Late-booked blues

THE Great Holiday Rush begins in earnest this weekend as Britain's package tour operators count the cost of the heatwave and media coverage of airport chaos. The broiling weather of recent weeks has deterred many late bookers who would have snapped up last-minute package deal bargains.

Part of the slump in the package holiday market has been caused by the growth of timeshare properties in recent years. Some 150,000 British families are said to own a timeshare property either in the UK or abroad, and there are an estimated 3,000 new purchasers a month. Such growth has not been without its problems, mainly over the selling methods used and the low resale value of many timeshare properties.

HOLIDAYS & TRAVEL

FLIGHTS
Airplane Travel Ltd., 8 Hogarth Road, London SW5. Tel: 01-335 1484.
DISCOUNT FARES
In 1st Class Club & Economy Class Also Concierge. For the best guaranteed deals please contact the experts. 01-339 2944.
SUPER FARES
Auckland £775, Bangkok £170, Berlin £215, Dublin £230, Frankfurt £215, Geneva £215, Hong Kong £600, Johannesburg £490, Los Angeles £315, Madrid £415, Melbourne £420, New York £220, Perth £215, Rome £215, Singapore £415, Sydney £415, Tokyo £605, Zurich £35.

CRUISING/SAILING

GALAPAGOS
Swirl with the Scaevola in the Islands that inspired Darwin's Theory of Evolution. 7 days from £55, plus Transatlantic flights from £250.
BEJA FLOR - SWAN 65
Due to changed plans, she is available for med. charter from mid August onwards. US\$8,000 p.w for 6 guests.
ITALY
CASA COLONICA
Offers a large selection of Castles, Luxury Villas, Farmhouses and Apartments with Swimming Pools in Tuscany, Umbria and the South of France.
THE CLIFFE TAVERN HOTEL
Historic 18th Century Kentish Freehouse. In the centre of the charming village of St. Margaret-at-Cliffe, 10 mins from the port of Dover. All rooms on suite, family rooms. Egon Ronay recommended. Tel: 01622 881 570.

Capitalise on the FT's connections by advertising in the Weekend Travel Pages. To advertise in the Weekend FT Travel Pages, simply complete the coupon and return it to: Francis Phillips, Classified Sales Manager, Financial Times, Number One Southwark Bridge, London SE1 9HL.
Allow five words per line (minimum 3 lines) Cost: 5-15 words (£15.55) 20 words (£21.75) 25 words (£25.80) 30 words (£31.05) 35 words (£36.25) 40 words (£41.50) rates include VAT.
I wish to pay by cheque value £, made payable by Financial Times Ltd. I authorise you to debit from my Visa/Amex/Access account (delete as applicable) the sum of £.
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صكنا من الامم

DIVERSIONS

Publishers in turmoil

Linda Christmas on an industry that isn't going by the book

WHICH IS THE best way to produce books: from a small base or a large fortress? This seemingly simple question...



Sinclair-Stevenson: "I wasn't in charge any more"



Penguin's Carson: "I have no right of veto"

Cosy Conglomerate is no easy question. There are as many views as there are highly-talented people within an industry that attracts individuals...

Sinclair-Stevenson was happy initially at the thought of the Penguin takeover. Looking at the options, it seemed the most attractive...

by Bloomsbury now. He is hoping that some of the many famous authors he has published at Hamilton (Peter Ackroyd, Paul Theroux, William Boyd) will decamp to his banner...



Bonded labourers in India. The law says they shouldn't exist - but an estimated 5m remain

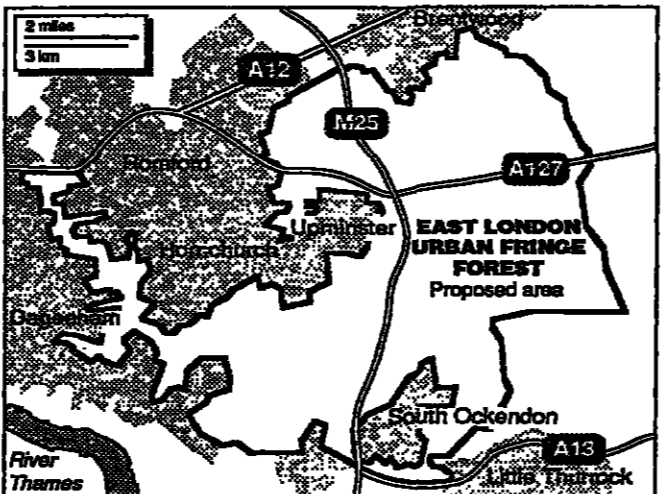
Where slavery lingers on

WHEN HE gives evidence to the UN working group on contemporary forms of slavery in Geneva next week, Peter Lowes, director of the London-based Anti-Slavery Society...

An urban jungle - in east London

Peter Gillman explains how a forest could cover some of the capital's worst dereliction

THE EAST London suburbs, it is fair to say, are not among capital's more Arcadian areas. Dagenham, Rainham and Romford are dominated by unsightly industrial estates and straggling suburban sprawl...



Dr Marilyn Rawson, one of the commission's countryside officers, found it intriguing to be persuading councillors to look beyond the four-year cycle of local elections to longer goals...

from where The Few sallied forth against the Luftwaffe in the Second World War, was one of the most famous names of the Battle of Britain. Ten years ago, its remains were bulldozed away and replaced by the park, set up jointly by the commission and Havering council...



The depressed Dagenham Corridor where maples and hazel trees could be growing next year

scenery, and one likely to become more intrusive when it is widened to eight lanes. The best protection lies in a heavy screen of trees - oaks, ash, cherry, hazel - which will screen out the worst of the noise...

صحن من الاصل

ARTS

Orange with a dash of Rouge et Noir

David Murray reviews modern opera at Aix

AIX-EN-PROVENCE is not notably friendly to the 20th century... Not exactly productions by the Festival...

soon to be revived in Edinburgh and later at the Coliseum... Among Prokofiev's larkier ideas is the running joke of the warring camps of opera-lovers...



Jean-Luc Viala and Didier Henry in 'L'Amour des trois oranges'

blows fate deals to class-climbing Julien Sorel are generally cushioned by musical irony in a temperate vein...

Prey, who writes his own libretto, loves sophisticated word play... A stronger argument might have subtended the overt goings-on...

the word-for-word identical novel (re)written by a sophisticated modernist: a vanishing quantity...

as "opéra épistolaire," "opéra cruciverbiste" etc, he calls Le Rouge et le Noir his "opéra-opéra..."

Radio - Isms aired

MONDAY'S breakfast on Radio 4 this week was given by Professor Heather Couper... We find it notable that a woman should want to do such a despatching thing...

Living for good, for music, for love

RAFAEL KUBELIK is 75. The chorus of birthday tributes in Europe has been led by Bavarian Radio...

Kubelik's early career was spent with the Brno Opera and Czech Philharmonic... He helped found the Prague Spring Festival in 1946...

on proper rehearsal schedules once led him to sack Tito Gobbi for turning up late... Andrew Clark talks to the conductor Raphael Kubelik

friction of positive against negative forces in life. There's nothing absolute, nothing objective. The search is everything...

trivialities, the human banalities, that no-one else had the courage to bring out... Kubelik's own music reflects the rhythms and harmonies of his Czech origins...



Kubelik: a musician's work is more than just a job

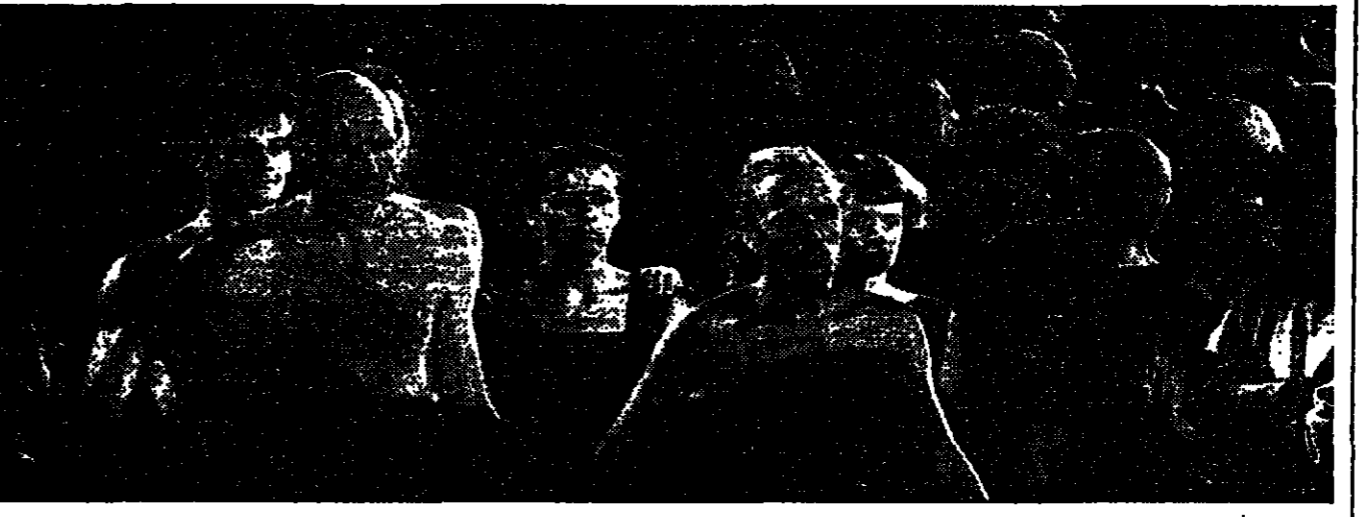
Ballet

The Bolshoy's Swan Lake

YURY GRIGOROVICH'S Swan Lake, the latest novelty in the Bolshoy Ballet's season at the Coliseum...

found in Chaikovsky's view of the swan myth... In Soviet times there have been further recensions...

imagery. To sustain such a production there need to be performances no less richly allusive and classically aware...



Welsh epic in an Italian quarry

GOBODDIN IS an epic Welsh poem about war, death and destruction... The performance of it by Welsh theatre company Brith Gof...

feet of the audience. The Italians crowded in, reluctant to give up their prime viewing positions...

audience were caught up in the action. They travelled with the warriors into battle, the sound moving with them...

dium in Leuwarden in Friesland in the Netherlands, and an old tram workshop in Glasgow... Annie Wilson

ART GALLERIES

MARLBOROUGH & ALBERTS 21, W1 5TEP... COCA GALLERIES & BOWER 87, LONDON W1... ALLIANCE GALLERY - Hand Entombed...

PERSONAL

ORIGINAL STRAUSERS - Made by Josef Bayer... CLUBS

CLUBS

THE HAS DELIVERED THE OTHER SIDE OF A policy on the play and what to do...

Chess No. 782: 1 P-N6 ch1 and if KxP: 2 B-B5 ch, K-R3: 3 R-R8 mate or 1 -K-R3: 2 B-B1 PaB; 3 R-R8 mate.

Clement Crisp

SUMMER IN THE CITY BARBICAN CENTRE... FRIDAY 28 JULY - THURSDAY 3 AUGUST... THE KING'S SINGERS... CATHERINE BOTT... DAVID ROBLOU

SPORT

A champion who needs the money

Ben Wright reviews the Open

THERE was general astonishment in the clubhouse at the Torey Pines Club in San Diego on the evening of February 18 this year when Mark Calcavecchia showed up to play in the tournament due to start the following morning without benefit of a practice round. Only four days previously, Calcavecchia had left Los Angeles for a fortnight's break after an overwhelming victory at the renowned Riviera Country Club over Sandy Lyle, among others. Two weeks earlier he had "lapped the field," including defending champion Lyle, in the Phoenix Open, beating the previous record winning aggregate at the "Tournament Players' Club of Scottsdale, Arizona, by five shots.

Calcavecchia might be a little short on the social graces but he is constantly working to improve that image. Not long ago, he was voted the worst dresser on the US tour. But who cares if he looks like an unmade bed when he can produce the kind of wonderful second shots he ripped into Royal Troon's 18th green, first to get into the three-man, four-hole playoff and then to win the championship?



How sweet it is: Mark Calcavecchia kisses the Open trophy after winning a three-way play-off

difference between the two is that Calcavecchia has the velvet touch of a magician on and around the greens.

In complete contrast, the tier-like Grady is like Mick Faldo, a man apparently seemingly pre-occupied with avoiding fatal mistakes by hitting fairways and greens. I suspect that, in the finish, the immensely likeable Grady found his shirt collar getting a little too tight for comfort. But this courageous and tenacious batter will be all the better for this experience.

Grady will find it hard to expunge from his mind the nightmare of his two terrible tee shots at the 17th hole that cost him the lead he had held since around midday on the Friday, the way in which he was assessed as prevailing in the play-off.

Carry on, Admiral's

Keith Wheatley in Cowes reports on the highlight of the yachting season

HOORAY FOR the old days in sailing. Every August, hundreds of boats flock to the Solent for Cowes Week, most of them being small, open day-cruisers rather than the "yachts" beloved of the tabloid newspapers. Cowes is a participatory event, full of weekend sailors taking a holiday to race their mates. In sporting terms, it is a fun run rather than a dream race.

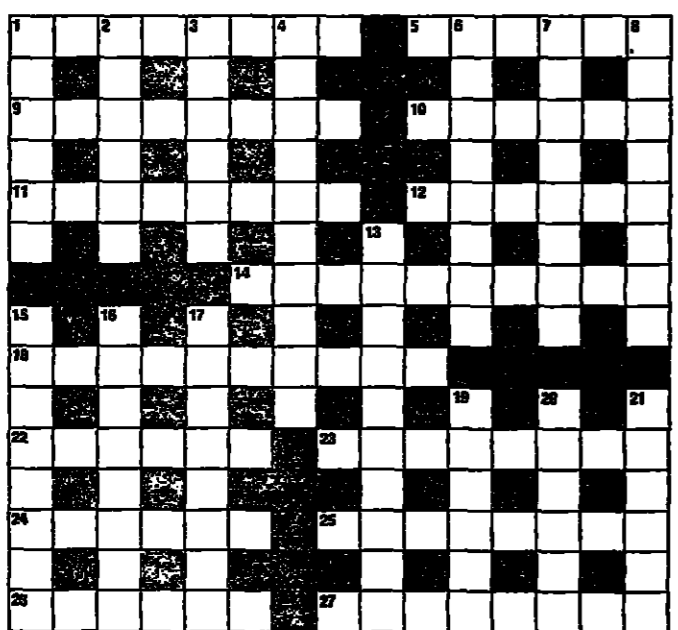
Each odd-numbered year since 1967, however, the Royal Ocean Racing Club has staged the Admiral's Cup concurrent with Cowes Week. This is the unofficial world championship of offshore sailing, each participating country being represented by three boats of different sizes measuring approximately 50 ft, 44 ft and 40 ft. The narrow streets of Cowes echo to many exotic tongues rather than the well-bred bray of the English yachtie.

Alan Gray's new 50-footer, Jamarella, is the big boat of the three. Gray has taken British sailing into new areas of professionalism since the launch. He has a largely full-time paid crew, almost all with Olympic or America's Cup experience, and plans to campaign the boat on the burgeoning 50-footer international circuit as if they were a motor-racing grand prix team.

CROSSWORD

No. 6,998 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 9, marked Crossword 6,998 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 12.



ACROSS
1 Colour of hair, now burnt badly (3-5)
9 Secure outbuilding (6)
9 Wearing a singlet in test is a mockery (8)
10 Reception on own ground? (2-4)
11 Lead used in vehicle protection (8)
12 Mouth commonly allowed a drinking vessel (6)
14 These bars do not allow stock to run out (6-4)
15 150, on the next page, can be a lucky thing (6-4)
22 Rodney in difficulty over there (8)
23 Do in a battery (3-5)
24 What is the most distinctive feature of raccoon-like creatures? (6)
25 It gets hot if backing sad song (8)
26 Testing hearing? (6)
27 One who turns up is minister to the queen (8)

DOWN
1 Aboriginal is artless about time (6)
2 Caravans requiring some extra insurance? (6)
3 Usher's wild monkey? (6)
4 Cataracts troubled Fate Walker (10)
6 Producer of army pictures? (8)
7 Volume of learning? No, the opposite (8)
8 Late in the day for slack water (8)
13 Planner gets artist confused (10)
15 Might this craft 'tie Chay away in winter? (6-5)
16 Four, perhaps, tied to a track (8)

Mr R. Dick, Wanstead, London E11; Mrs M. Frank, Wolston, Staffs; Mr T. Ridger, Kingston, Surrey; Mr S. Theil, New York; Mr P.J.R. Wright, Wistaston, Cheshire.

TELEVISION & RADIO

SATURDAY

10:15pm 'Cast a Giant Shadow' (1969) with Kirk Douglas and Angie Dickinson.
11:30am The Chart Show, 12:30pm Saturday.
12:30pm The Chart Show, 12:30pm Saturday.
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27:30pm The Chart Show, 12:30pm Saturday.

SUNDAY

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